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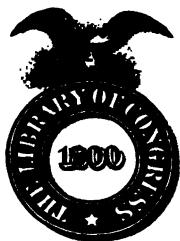
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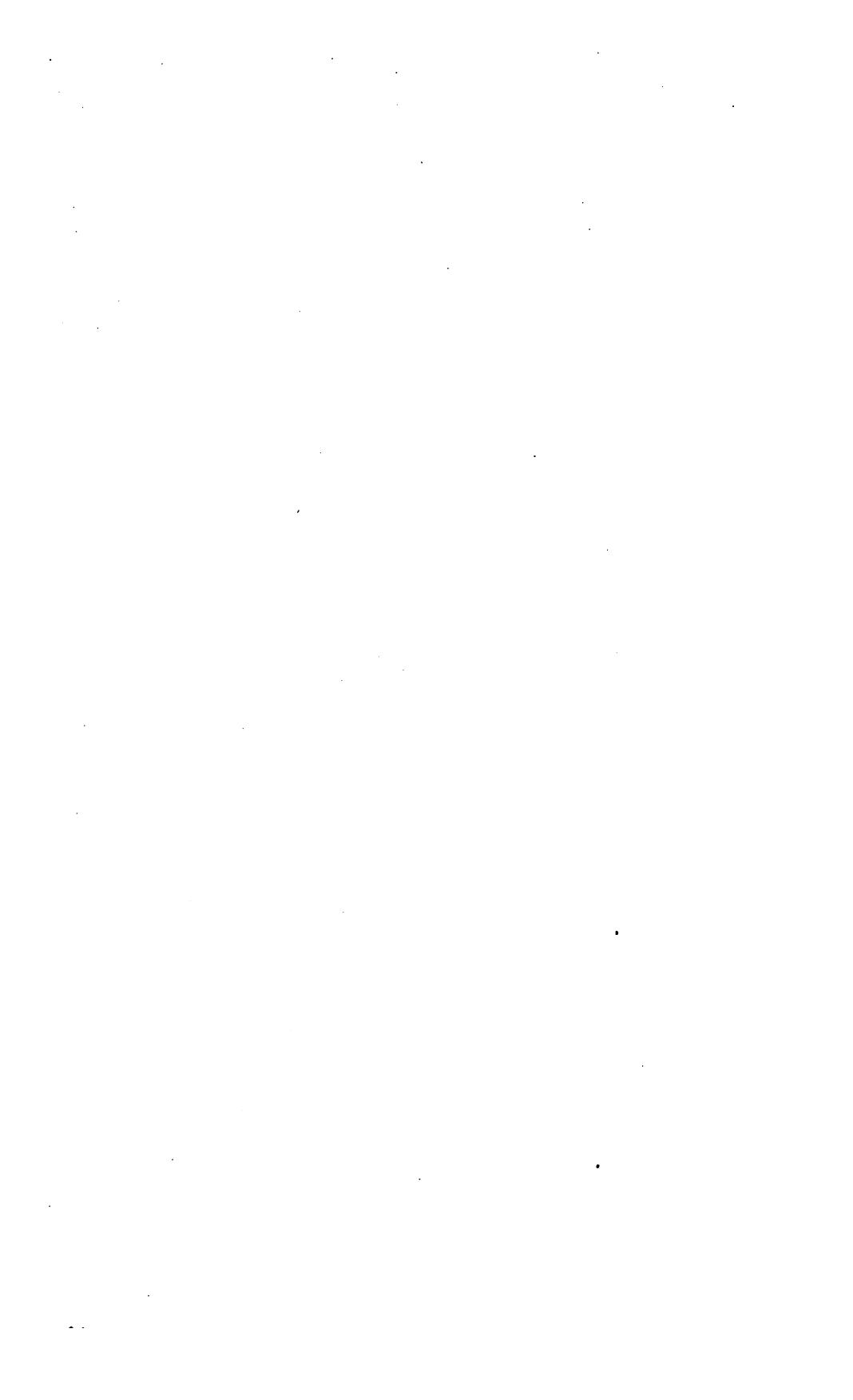
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# POST OFFICE APPROPRIATION BILL, 1921

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## HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE  
COMMITTEE ON POST OFFICES AND POST ROADS  
UNITED STATES SENATE

SIXTY-SIXTH CONGRESS.

SECOND SESSION

ON

## H. R. 11578

AN ACT MAKING APPROPRIATIONS FOR THE SERVICE OF THE  
POST OFFICE DEPARTMENT FOR THE FISCAL  
YEAR ENDING JUNE 30, 1921, AND  
FOR OTHER PURPOSES

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Printed for the use of the Committee on Post Offices and Post Roads



WASHINGTON  
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1920

# WELLSVILLE SUBDIVISION

**301376**

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# POST OFFICE APPROPRIATION BILL, 1921

WEDNESDAY, JANUARY 28, 1920.

## SUBCOMMITTEE ON POST OFFICES AND POST ROADS, *United States Senate.*

The subcommittee met at 10.30 o'clock a. m. in the committee room, Capitol, Charles E. Townsend presiding.

Present: Senators Townsend (chairman), Sterling, Phipps, and Dial.

Present also: Hon. William M. Calder, United States Senator from the State of New York.

Present also: First Assistant Postmaster General John C. Koons.

### STATEMENT OF JOHN C. KOONS, FIRST ASSISTANT POSTMASTER GENERAL.

The CHAIRMAN. We have with us this morning the First Assistant Postmaster General, John C. Koons, to present a statement with reference to the appropriation bill which we now have before us.

Mr. Koons, you have gone over the bill as reported by the House of Representatives, I presume, with some care?

Mr. Koons. Yes; I have.

The CHAIRMAN. Have you any changes to suggest that you wish brought to the attention of the committee for their consideration?

Mr. KOONS. The appropriations so far as they have reference to the First Assistant's bureau are satisfactory. I perhaps should explain that our estimates were based on the basic salaries, as the bonuses are temporary. In submitting the estimates under the law we had to base them on the basic salaries. Naturally that makes the estimate considerably less than the amount carried in the appropriation bill as it passed the House. The amount carried in the bill as it passed the House will continue in effect the bonuses now paid employees and those provided for in House joint resolution 151 approved November 8, 1919.

The CHAIRMAN. So as I understand it, the House bill as it passed, so far as the First Assistant Postmaster General's office is concerned, covers the pay and exactly the pay that the employees are now receiving?

Mr. KOONS. Yes.

The CHAIRMAN. Does that include the bonuses?

Mr. KOONS. Yes; and the payment under House joint resolution 151, to which I have referred. It also provides for the additional number of employees necessary to take care of the increased business.

The CHAIRMAN. Have you made an estimate to the Congress for an increased number of employees?

Mr. KOONS. We have asked for 5,000 additional clerks, but because of the tremendous increase in the volume of business we have had to ask for 2,000 additional clerks for the present year, which will really leave a net increase next year of only 3,000. Our estimate carries for next year 5,000 additional clerks in excess of those provided for this year, but as I said on account of the enormous increase in business we have asked and already secured an additional 1,000 clerks, and 1,000 are being carried under the deficiency appropriation bill, which was before the House yesterday.

The CHAIRMAN. Does the bill provide for payment of all the extra clerks you have asked for?

Mr. KOONS. Yes, sir. I might say that the bill carries everything that the department estimated for under my bureau and under all the bureaus, except the motor-truck service under the Fourth Assistant General and the aerial mail service under the Second Assistant. Those are the only two items not carried.

The CHAIRMAN. Do you remember that when we passed House joint resolution 151 as an emergency measure, it was our idea that we were including all of the employees in the department receiving \$2,500 or less?

Mr. KOONS. Yes.

The CHAIRMAN. Afterwards the question came up as to whether a class of your clerks connected with the inland transportation roll were included?

Mr. KOONS. Yes, sir. They are under the Second Assistant Postmaster General.

The CHAIRMAN. Are you convinced that they were not included?

Mr. KOONS. Under the bill as it was drawn I was of the impression that they were. They are a field force and not a part of the departmental force, although they are employed in the department under the Second Assistant on transportation of mail.

The CHAIRMAN. How many of them are there?

Mr. KOONS. They comprise but a small number. After the clerk of your committee took up the question with me, I in turn took it up with the Second Assistant, and he submitted the matter to the comptroller. The comptroller ruled that they were not within House joint resolution 151, and therefore under that ruling they have not been paid the increases. As I understand it, these clerks enjoy privileges that the field forces do not enjoy; that is, they have 30 days' vacation, whereas the clerks and other people provided for by the resolution have only 15 days' vacation. I think they are also given sick leave, too.

The CHAIRMAN. The Second Assistant will know about that?

Mr. KOONS. Yes. They work as hard as any clerks in the department or on the department pay roll, and it is hardly fair to give one clerk on one side of a desk 15 days' leave and another clerk on the other side of the same desk 30 days' leave. They really ought to be carried on the departmental rolls.

Senator PHIPPS. Do you personally consider 30 days' annual sick leave necessary?

Mr. KOONS. No; Senator, I do not. In our department we grant 10 days during a calendar year, or allow 30 days' cumulative sick leave; that is, a person can have 30 days' sick leave within 3 years. Personally, I do not think 30 days' annual sick leave is necessary.

Senator PHIPPS. Is it the custom of the employees generally to take advantage of that 30 days' annual sick leave?

Mr. KOONS. It is safeguarded by requiring a physician's certificate, but you know it is an easy matter to get a physician's certificate in many cases.

Senator PHIPPS. I could not count 30 days in my entire life that I have been sick, and I have been in service pretty strenuously.

Mr. KOONS. I have been in the Government service 25 years, and I have had but 15 days' sick leave, and I was injured in a railroad wreck at that time.

The CHAIRMAN. Do all of the clerks take advantage of the 30 days' sick leave?

Mr. KOONS. In our department they are restricted. They can have 30 days' sick leave within three years. If a clerk, for instance, took no sick leave this year or next year, then the following year should be taken sick, he could get 30 days' sick leave. That is intended to cover cases like typhoid fever and similar cases where the illness lasts over a number of days.

The CHAIRMAN. You have had a great deal of sickness in the department, real bona fide sickness?

Mr. KOONS. That is true and that arrangement takes care of cases like that. The departmental force comes under the chief clerk of the department, and my understanding is that for years sick leave has been restricted to 10 days annually, but it may be cumulative until it reaches 30 days in any one year.

The CHAIRMAN. What leave of absence do the clerks generally have in the department?

Mr. KOONS. They are entitled to 30 days under the law in the way of annual leave, but in the field force they are allowed only 15 days.

The CHAIRMAN. You are referring simply to the class which I have mentioned?

Mr. KOONS. The departmental clerks.

The CHAIRMAN. What do you mean by saying that the transportation force has an advantage over the other clerks?

Mr. KOONS. My understanding is that they have had 30 days leave, the same as the departmental force. They are employed in the department right beside the departmental clerks. They may be on one side of the desk and the regular departmental clerk on the other side of the same desk.

The CHAIRMAN. They have no advantage over the regular clerk?

Mr. KOONS. Not over the regular clerk, but they have over the clerk in the field service and those to whom House joint resolution 151 applies.

The CHAIRMAN. The transportation force is separate and distinct from the field force?

Mr. KOONS. Yes, sir; it is not a part of the field force. They are employed in the department here in keeping the necessary records having to do with the transportation of the mails. They are paid out of an appropriation carried in the bill for inland transportation of mails.

Senator PHIPPS. Is it your opinion that that assignment is incorrect and that they are in reality a part of the departmental force and should be so designated rather than as part of the field force?

Mr. KOONS. As I said, it comes under the Second Assistant Postmaster General, but I think all employees in the department should be on the departmental pay rolls as a part of the departmental force. I think there should be a separate and distinct line between the field force and the departmental force.

The CHAIRMAN. Perhaps we had better wait until the Second Assistant comes before the committee, because he may be able to discuss that more fully.

Mr. KOONS. I am sure that he can do so, Mr. Chairman.

Senator STERLING. I should like to ask Mr. Koons why there should be that clear line of distinction between what he calls departmental clerks and field clerks. They all come under the department, do they not?

Mr. KOONS. That is true. But in the first place the departmental force receives 30 days annual leave, and Saturday afternoons off during certain months. The field force does not have Saturday afternoons off and receives only 15 days annual leave. The departmental clerks work seven hours per day, whereas the field force works eight hours a day. The field force is not entitled to any sick leave, whereas the departmental force is. To use a field clerk and a departmental clerk at the same desk creates a feeling of discrimination, because the two employees may be engaged on the same character of work, one of them getting 15 days leave and the other 30 days leave, one entitled to annual sick leave and the other to no sick leave, both working for the Government and both working in the same department. Frankly, I think the rule as to sick leave or annual leave ought to be uniform throughout the service, but I would not make it 30 days annual leave. Business houses give only 15 days, while the Government gives 30 days.

The CHAIRMAN. When you speak of the field force, you have reference also to the men who do desk work right here in the department, do you not? Are they subject to orders to go out in the field on inspection work, for instance?

Mr. KOONS. There are a few inspectors assigned here in the city. They have to work wherever their cases take them, but in our bureau we have no one paid from the field rolls who works in the office. The employees appropriated for by this bill we call the field force and those in the legislative bill the departmental force.

The CHAIRMAN. This is a matter that comes under the Second Assistant Postmaster General and it might be well to have him explain it to the committee when he comes before us.

Senator PHIPPS. That is very true, Mr. Chairman, but I think it very interesting and advisable to have the views of the First Assistant Postmaster General. I should like to have him express himself on a matter of this character. As I understand it, in his opinion the 15-day annual sick leave should cover all requirements, although he favors cumulative leave where it is necessary. It might be that something could be worked out along those lines to make the practice prevailing in one department conform to that in other departments, making a uniform practice for the entire service.

Mr. Koons, you stated that of the 5,000 additional clerks you have asked for, 2,000 of them you have already taken on, leaving 3,000 more to be added next year, I believe. What relative proportion does that number of clerks bear to the entire force? I am uninformed on this and should like to know what the total number of new employees is as compared with the total number of employees in the department, so I may know what the increase amounts to in percentage.

Mr. Koons. We have 46,707 clerks carried in the current appropriation bill. Of course, there will be 2,000 added to that by the deficiency bill, which makes 48,707. If the number for which we estimate is granted, in the bill which as passed by the House, it would give us a total of 51,707. That is an increase over the number carried in the bill this year of about 10 per cent—between 10 and 11 per cent.

These people are employed at the first and second class offices. The receipts at the 50 largest offices, which usually represent half the business of the country, are now increasing at the rate of about 25 per cent a month over a year ago; so that the increased force for which we are asking is really considerably less than the increase in the volume of business.

We are now passing through the most abnormal increase in business the Postal Service has ever known. The receipts in Chicago during the month of December were \$870,000 more than December a year ago when the 3-cent postage rate was in effect. When you figure it on the basis of the 2-cent postage, that is an increase of 41 per cent over the business of a year ago. The increase at the 50 largest offices was 13 per cent more for December than a year ago. That is over and above the 3-cent postage. When computed on the basis of the 2-cent postage, it would make an increase of about 30 per cent. In other words, the 1-cent additional war tax amounted to about 17 per cent of the entire revenue.

Senator PHIPPS. This increase of \$850,000 in Chicago includes the parcel post?

Mr. Koons. Yes; that includes all business.

Senator PHIPPS. Is the larger percentage of increase in the parcel post or in the first-class business?

Mr. Koons. It seems to be reflected in all lines of business. Business men generally apparently are using the mails to a far greater extent than ever before. I came from New York City yesterday. For the first 17 days of January New York did a business of \$225,000 more than for the first 17 days of last January when the 3-cent postage was in effect. That is an increase, as I estimate it, of about 30 per cent.

Senator STERLING. You speak about that being abnormal, Mr. Koons. It is abnormal as compared with past conditions and past business?

Mr. Koons. In past years; yes. The average for the past 25 years has been about 6 per cent. When we take the total increase for the past 25 years and divide it by 25, it gives a result of 6.65.

Senator STERLING. But it is apt to be abnormal from this time on; that is, the increase will not be an ordinary increase?

Mr. Koons. Yes; I think so.

Senator PHIPPS. You do not look on this as a temporary thing?

Mr. KOONS. No. The only reason if it did not keep up in my judgment would be if we had a panic. I think it is going to keep up, and we must prepare for it.

Senator PHIPPS. I believe there is some talk of trying to institute a pneumatic service between Jersey City and New York. Have you looked into that?

Mr. KOONS. It is between the Grand Central Station and the Penn Terminal Station. Of course, you gentlemen know we had the pneumatic tube service, an 8-inch tube, and which the department urged be abandoned, and it was abandoned, because it was so unsuccessful when it came to moving the large volume of mail. It was absolutely useless, and it was used at an enormous rental cost of \$17,000 a mile.

In New York City the revenues last year were \$45,000,000. If you deduct the 1-cent tax it would be about \$40,000,000. Based on the figures of this year there is every indication it will be nearly \$50,000,000. In four or five years at the present rate the service will be doubled. Now, to prepare to take care of a big volume of mail you have to prepare years in advance. We are now handicapped very much because we have not done this. We are now making a study of the situation with a view of renting buildings, because if Congress made an appropriation to-day we could not have the buildings constructed in time—if they were built as Government buildings usually are built—they could not be constructed in time to take care of the service.

The big movement of mail is between the Grand Central and the Pennsylvania Terminal. We have always been in favor of an underground system of sufficient size to move the entire volume of mail.

The CHAIRMAN. Have you a tube there now?

Mr. KOONS. No, sir; there was one there but it has been discontinued.

Senator CALDER. Between the Grand Central Station and the Pennsylvania?

Mr. KOONS. Yes, sir; we have taken that out—that is, the machinery has been taken out. The tubes are still in the street, of course, and some of the machinery has not been removed. We have been in controversy with the tube company regarding the machinery. I do not think they have the money to move it.

A firm of engineers made a survey of the route between the Grand Central and the Penn Terminal with a view to constructing an underground tunnel so we could move all the mail underground. The mail when taken off the trains must be taken up to the street level, loaded on machines, carried over to the Grand Central Station, and unloaded again and sent below the street level.

Senator DIAL. What is the distance between the two terminals?

Senator CALDER. It is about a mile and a half, I think.

Mr. KOONS. It is 1.5 miles, I think.

The CHAIRMAN. That does not go under the river?

Mr. KOONS. No, sir; it is between the two terminals. We do not need a tunnel under the river at the present time.

We submitted the plans to the House committee with a recommendation that we be given an appropriation of one and one-half million dollars. That was about the time the war started. It was

reported favorably by the House committee to the Congress, but was not passed. We took it up with the present committee last spring and an informal request was made of us that we have Army engineers go over it. We asked the War Department to detail two Army engineers and they did so, and they have made a very thorough investigation.

The CHAIRMAN. Who are these engineers?

Mr. KOONS. Edward Burr, colonel in the Engineer Corps, and Edward C. Langford, colonel in the Engineer Corps. I do not know either one of them personally, Senator, but my understanding is they are very able engineers.

Senator CALDER. Mr. Chairman, I think Col. Burr is in charge of the river and harbor improvements around New York.

Mr. KOONS. They have made a report in which they say a tunnel is practical. Two questions came up before the House committee: One was that it would cost \$15,000,000 to construct the tunnel, and that it would cost an immense amount of money to operate it, and second, that it was an engineering impossibility. We have had these Army engineers go over those features of it. They have suggested an enlargement of the tunnel from 12 feet to 15 feet in width and a little in height.

The CHAIRMAN. They enlarged the plan?

Mr. KOONS. Yes, sir. The tunnel proposed by the engineers was 12 feet wide. Now, the pneumatic tube is only 8 inches, and you can see the difference in size. This is a 15-foot tunnel, and they provide for terminal space not provided for by Stilwell & Putnam, and they estimate it would cost \$2,225,000 to build. That covers everything, building the tunnel, terminals, and equipment.

Senator CALDER. This estimate is the Army Engineers' estimate?

Mr. KOONS. Yes, sir.

Senator DIAL. The others claimed a million, did they not?

Mr. KOONS. A million and a half, but the tunnel was only 12 feet wide and 7 feet high, while the one the Army Engineers suggest is 15 feet wide and 8 feet high, which I think would be better. They estimate the cost of operation at \$68,000 a year, which would be less than we could move that mail above ground. A tunnel of the size suggested will take care of the service for many years to come.

Senator PHIPPS. Is there not now nearing completion a subway tunnel between the Grand Central and Pennsylvania Terminals in New York?

Mr. KOONS. That may be true, but the trouble is those subways are used to capacity, and the trains are the full length of the platform and we can not attach a car.

Senator CALDER. Mr. Chairman, there is, as Senator Phipps indicates, a subway connecting but you have to walk two or three times, maybe several hundred yards at different grades, up and down grades. You go to a certain point and change and go down and change and go up, and you could not utilize that.

Senator PHIPPS. I meant the electric subway.

Senator CALDER. Yes; the railway subway. I doubt if it could be used.

Mr. KOONS. We had that up with the engineers and they said it was used to capacity at this time, and we had up the question of

attaching a car on the subway trains, and they say the subway trains are now the full length of the platform and that they could not stop them to load or unload mail.

Senator PHIPPS. If you had your own equipment of postal cars equipped with motors would it not be a simple matter to run an occasional mail train in between their passenger trains?

Senator CALDER. Senator Phipps, there is no direct line from the Pennsylvania Station to the New York Central Station. You take a train at the Pennsylvania Station and you go to Forty-second Street, and then you alight and walk about 200 yards up a different grade and get a train over to the New York Central Station, then you walk and go down another grade to get to the station itself.

Senator PHIPPS. That is very true, but here you have a distance of a mile and a half to cover. Now, you have perhaps but an eighth of a mile at the most at the terminals. That would enable you to connect up. Instead of building a 15 by 8 foot tunnel for special service would it not be much cheaper and more practical to make the necessary extensions to give you these connecting terminals right into your depots to run your postal trains?

Mr. KOONS. I think you will find this, Senator, that especially during the congested hours of the day in the subway the trains are run with as great frequency as possible, and it would not be possible to put a car between the different trains. These subways are used to their capacity.

Senator CALDER. A minute and a half headway.

Mr. KOONS. You see, the headway is so close we could not put in another car, and they can not put in another train.

The CHAIRMAN. Is the tunnel you propose to take the same line as the old pneumatic tube?

Mr. KOONS. They had no tunnel; they simply dug in the street and put in an 8-inch tube. You see, that was 8 inches and this is 15 feet. They had no tunnel at all.

The CHAIRMAN. So you could not utilize any part of that?

Mr. KOONS. No. There would be none that we could utilize, but we could operate this tunnel and carry all the mail for the same annual rental that 4 miles of pneumatic tube cost us.

The CHAIRMAN. Do I understand this committee of engineers has made its report.

Mr. KOONS. Yes; I have a copy of it, Senator, that I will leave with the committee. It came in while I was out of the city. I have not had an opportunity to study it or write you a letter on it, but it is our intention to submit it to you with a letter.

The CHAIRMAN. This was not presented to the House committee?

Mr. KOONS. This was presented to the House committee last spring, Senator, and the chairman asked me informally to have an investigation made by Army engineers. I made this statement before the committee, that before we spent a dollar of this amount if appropriated it was my intention to have the whole plan gone over by Government engineers to determine whether it was feasible and practicable and what it would cost. If it was not feasible, that we would not spend a dollar of the money. And then they asked me if we could not have done that before they acted on it, and I said "Yes," and we asked the War Department to do it.

The CHAIRMAN. This is not a case where the Postmaster General's idea of serving with trucks could fill the bill.

Mr. Koons. The trucks fill the bill, but this would still be better. We use trucks now, Senator, but it would save bringing the mail up to the surface and transporting it overground and then dropping it again below the surface. This is necessary to transfer it across the city at this time. Another thing, this route travels across the most congested streets in New York City, Broadway and Fifth Avenue, and underground transportation would be better, provided it carries all the mail, but an underground system that carries only a part of the mail, making it necessary to run trucks with the same frequency as we did with the pneumatic tubes, is of no assistance to us.

The CHAIRMAN. Are you anticipating constructing any of the tunnels in New York?

Mr. Koons. Senator, I made this statement before the House committee, that if after constructing this tunnel it was feasible and demonstrated that it was what we expected it to be, we should then construct another link from the Pennsylvania terminal to the downtown financial district, where the old post office is at this time, or if there is a new building erected, where it is located. That will cost, as I recall it, about twice as much as this link. We would then have underground means of transporting all our mail from the downtown section to both depots. We must build in New York City on a big plan to take care of the mail service. If we do not, in five years' from now I fear it will collapse.

The CHAIRMAN. Now, in basing your cost of this tunnel, they have taken into consideration present prices; is that the idea?

Mr. Koons. The Army engineers say they have taken into consideration the present prices and figured the highest amount. They have estimated for the best that can be had and they think they have estimated the top figure.

The CHAIRMAN. Is this tunnel to go under the street—some line of street—or do you have to pass under rights of way in private property?

Mr. Koons. It would be all under the streets. I should not think we would have any trouble about that.

The CHAIRMAN. You think there would be no trouble about securing the right of way?

Mr. Koons. No; the only private property involved, as far as I know, would be the two railway terminals, and I think we can make satisfactory arrangement with the railway people. This proposition is indorsed by the postmaster at New York and by the supervising officers of that office. They are all on record.

Senator PHIPPS. In case a tunnel were decided upon later on to reach the downtown district, would that naturally follow the line of the North River so as to pick up the service from other railways that use ferries to go over as they cross the river?

Mr. Koons. Senator, practically all our mails go out now from the Grand Central and Pennsylvania terminals. We are limited to 15 pouches of downtown mail to the Manhattan transfer. Now we could cover it all through the Pennsylvania terminal, instead of sending it to the Manhattan transfer as we do now. Of course, the mail for the New England States and the West comes uptown. You

see, since the Baltimore & Ohio and Pennsylvania both run into the Pennsylvania terminal, uptown, there is very little mail transferred across the ferries.

Senator PHIPPS. Do they not have quite a lot of mail that comes through the Hudson tunnels?

Mr. KOONS. We are limited to 15 pouches. I am not familiar with the local names. Do you mean over to Brooklyn, Senator?

Senator CALDER. No; he means through the McAdoo tunnels.

Senator PHIPPS. The McAdoo tunnels. They touch the Lackawanna and the Erie and one or two other roads.

Mr. KOONS. Well, the mail that goes over there for the Pennsylvania trains is limited to 15 pouches from downtown. Most of it is hauled uptown now and put on the Pennsylvania Railroad before the train leaves. Now, of course, mail for the Erie has to be transferred.

Senator CALDER. Mr. Chairman, if I might interrupt, the States of New Jersey and New York recently appropriated money to begin the construction of a vehicular tunnel under the Hudson River. That would be along about Canal Street, or half way between the Battery and Pennsylvania Terminal. I do not know what the Post Office Department has considered in connection with using that tunnel. It would seem to me it might be well, Mr. Koons, that you should study that problem out with the engineers of those respective States and see if you can not get something in there.

Mr. KOONS. If there was a vehicular tunnel there we would use it for trucks the same as other vehicles.

One thought that naturally comes up in connection with a matter of this kind is whether it will be extended to other cities and whether this is just an entering wedge. Outside of New York City, Chicago is the only other place, I think, could use a tunnel, but this would not be an extensive program outside of New York City. This is not an entering wedge to build miles and miles of this tunnel, because outside of New York City and Chicago I do not know that we could use a tunnel any place.

The CHAIRMAN. You are still of the opinion that the existing pneumatic tubes that are used in these various cities can not be of practical benefit?

Mr. KOONS. They can not, Senator; and there is not a postmaster or supervisory official connected with the service who would want to go back to the use of the pneumatic tubes again. The present method of handling the mail is so much more satisfactory.

Senator DIAL. How long have they discontinued the use of the tubes?

Mr. KOONS. Two years.

Senator STERLING. That is something I never could understand, why the present method should be more satisfactory than the tubes. It seems to me that the tubes rendered a little more speedy dispatch in the mails.

Mr. KOONS. Senator, it is a difficult thing for a person who has not been in the Postal Service to understand. Most any man who looked at them would think exactly as you say, that they would be faster. Now, here are five stations uptown in New York City, for instance. Now, if you were tubing mail from this station to catch a train and using the tube to capacity, you could not use it from either one of

these other stations. You never knew when you would get your mail up from the first station. You were liable to miss your connections from others. It carried so little of the entire volume. You see the tubes were only 8 inches in diameter and 20 inches long, and it took hours to transport any considerable amount of mail. When there was but little mail they had some value, but the volume of mail has increased and so outgrown the tubes that it was just like trying to handle the freight and passenger traffic of to-day with the same railroad equipment of 25 years ago—same size engines, same size cars, same number of cars. The tube had not kept pace with the growth of the mail.

The CHAIRMAN. The substitution of automobiles for this has not met the needs of the service?

Mr. KOONS. It has met the needs, Senator, but with a tunnel we could give a better service than we could give by any other means in New York City. I think we could give it cheaper than by truck service. It would be impossible to carry this mail by pneumatic tubes. You could not put enough of them under the ground.

Senator PHIPPS. Well, with a million and a half investment, if you are to figure any return on that investment, of course 6 per cent. would be \$90,000 a year.

Mr. Koons. Six per cent would be \$90,000 a year and \$68,000 to operate it would be \$158,000.

Senator PHIPPS. How would that compare with your present cost of operation?

Mr. Koons. That would not exceed the present cost when you take into consideration the number of employees necessary to handle the mail. But you are building a tunnel that would take care of the mail for years to come. As each year goes by it is going to cost more to transport the mail by trucks, and granting it would cost as much at this time to put it underground as to handle it on the surface economy would be shown in the years to come as the mail increases.

Senator PHIPPS. Would you feel safe in saying that it would take you, say, three years to construct it and that within five years from the time you started, say, five years from the present time, your cost of operation plus interest on your investment would not exceed the cost at the present rate you are paying—that is, the cost under the present method?

Mr. Koons. I think so, Senator. I have already asked them at the office to set up the figures showing exactly the cost of transporting this mail overground and what it would cost to transport it underground, and it was my intention to submit that to you. You see, I just returned from New York and I have not had time to analyze the report or set up the figures that naturally I would want to submit to the committee to show the cost, but we have got to do something—not only in this matter, but whether we put this tunnel in or not we have got to make preparation in these large cities to take care of the business in the way of buildings and things of that kind. If we do not in less than five years the service will be in awful shape.

The CHAIRMAN. Will you also, at the time you prepare these figures, that is, as soon as you reasonably can, show us what the cost of transporting the mail by the truck service is and what was the cost of the pneumatic-tube system?

Mr. KOONS. Yes; we can show that, Senator. Of course, we can give you what the cost of the truck service was to displace the pneumatic tubes. At the time we displaced the tubes the cost for automobile service substituted for it was \$480,799, while the pneumatic tubes cost \$1,000,000, so we took care of the pneumatic-tube service at a cost of some \$480,000, and saved that \$1,000,000 appropriation for the pneumatic tubes. It has now been merged in with the other service for two years and railroad schedules have changed and everything else.

The CHAIRMAN. Did you handle some other mail that you did not handle in the tubes?

Mr. KOONS. I was going to say the additional schedules put on to take care of dispatches with the tubes cost \$480,799, and we not only took care of the mail taken care of by the tubes, but much additional mail; made additional dispatches, added closing mails and other mail that was not transported by the pneumatic tubes.

Senator PHIPPS. As I understand the situation, there was no appropriation asked for under this bill for the underground service in New York.

The CHAIRMAN. Not in the House bill, but that is what they are asking for in this.

Senator PHIPPS. Your purpose is now to get an authorization in this bill?

Mr. KOONS. To get an authorization and appropriation. It is pending before the House committee, and one House committee reported favorably on it, and this House committee has held it back until we could get the report of these engineers.

The CHAIRMAN. Which committees of the House have considered it? You say there are two committees?

Mr. KOONS. I mean the committee under the other Congress.

The CHAIRMAN. The Post Office and Post Roads Committee?

Mr. KOONS. Yes; the Committee on Post Offices and Post Roads. Now, the first committee held its hearing some time ago and made its report. We did not ask to have it included in this bill at the time the bill was pending before the House because we did not have the report of the engineers.

Senator STERLING. Your idea is it should go in by simply an amendment?

Mr. KOONS. Yes, sir; by way of amendment.

Senator CALDER. Mr. Chairman, I appear to urge favorable consideration for this proposition.

The CHAIRMAN. Do you want to say something more?

Senator CALDER. Yes; just a word.

The CHAIRMAN. You wanted to be heard this morning, did you?

Senator CALDER. Yes.

The CHAIRMAN. I wanted to get through with him, but I will be very glad to hear you on this subject. Go ahead.

Senator CALDER. I say I am here to urge consideration of this proposition. The building of this tunnel, while it would be of great advantage to New York City, it will also be of very great advantage to the rest of the country because of the fact that the mail of the South and West comes in through the Pennsylvania Station, and the mail from the North, the northern part of New York and New

England, goes out of the New York Central Station. As Mr. Koons has said the streets in the neighborhood of these two stations are the most crowded; traffic is the greatest of any of the streets in the city of New York. The other day I noticed in the newspapers that last year eight hundred and fifty and odd people were killed in the streets of New York through the heavy traffic there.

The CHAIRMAN. How many of those were killed by reason of Government trucks?

Senator CALDER. I do not know.

Mr. KOONS. We can give you the number in each city. We have all these statistics.

Senator CALDER. And between these streets, Thirty-fourth and Forty-second streets, on the cross streets running from Eighth Avenue to Fourth Avenue we have been compelled to make most of the cross streets one-way streets; traffic must go up one street and down the other. So we have just about reached the limit of traffic in those streets. I speak for the business men in New York in that part of the city as well as I do for the need of additional postal facilities.

I hope this committee will seriously consider this project.

Senator DIAL. They are talking about taking up the street car tracks on Broadway, are they not?

Senator CALDER. Yes; but I am rather inclined to think the street cars are inclined to keep traffic free. Of course, those who have studied that matter carefully know better than I do.

The thing is to provide for the future of New York. Perhaps we can get along without this for a year or two, but as the demands on the post-office facilities increase it will become a pretty serious situation.

The CHAIRMAN. Mr. Koons, do I understand that this tunnel, if constructed, would enable you to dispense with your truck service that is now employed in transporting all of the mail?

Mr. KOONS. Not all; I think we could dispense with the truck service entirely between those points, which covers our heaviest transportation. Of course, if this proves to be a success and we construct another link of it down town to tap the down-town section we could then take a very large percentage of our trucks off the street entirely.

As Senator Calder said, we can go along possibly this year and next year without this tunnel, and we could get along possibly this year without renting additional space over there, but I do not think with this tremendous growth and what we will be facing from a service standpoint in five years that we ought to sit idle and be overwhelmed and then be unable to take care of the service.

Now, there is another condition I have not mentioned that this tunnel would relieve greatly. When the Penn Terminal was built in New York—what we call the Penn Terminal is the new post office—it was before the days of parcel post or any idea there would be parcel post, and the platform space, what we call the platform space, is where the wagons back up and unload the mail, and where the publishers and merchants bring their mail to unload—the space was made sufficient to take care of the needs of the service and what they thought would be the needs of the service. Well, with the

tremendous growth in the publishing business and the parcel post the platform space is insufficient and it is necessary for wagons to stand there sometimes hours in line to get up to the platform to unload the mail. I do not mean our wagons, because they have the right of way, but I mean the publishers' wagons and the big mailers. This would relieve that condition by putting all the transfer mail below the level of the streets.

Senator STERLING. Mr. Koons, you do not mean that should be a pneumatic tube?

Mr. KOONS. No; it is not a pneumatic tube; it is a large tunnel with cars. You could not construct a pneumatic tube that would be of sufficient size to be of any help to us.

Senator PHIPPS. Do you happen to know the diameter of the McAdoo bore?

Mr. KOONS. No; I do not. Possibly Mr. Calder does.

Senator CALDER. I think about 12 by 14. There are separate tubes, I believe.

Senator PHIPPS. Oh, yes; there are separate tubes. My impression is where they go under the river it is smaller than any other subway in New York City, although I do not believe it is quite as small as the tube in London. They have one there that is very small. There is really no clearance between the car and the side of the tunnel walls. I do not know what they do in case of accident there, but the point I am leading up to is this, gentlemen, would the cost for a practicable working tunnel such as you have in commercial use for the handling of passengers be so much greater than this proposed 15 by 8 tunnel that that should not be considered before it was decided to appropriate for the size tunnel proposed here. It seems to me that is a very important question.

Mr. KOONS. I could only say in connection with that, Senator, that, of course, these Army engineers estimate that would be the cost. Now, constructing engineers have said they are willing to take the contract and give a sufficient bond to build the tunnel within the cost mentioned. Now, of course, I am not an engineer and could not state personally. I would like to add one other thing as far as the tunnel is concerned.

In 1910, I think it was, Great Britain appointed a committee of engineers to study some means of underground transportation of mail for London. They came to this country and studied our pneumatic tube system, which was the only means that we had in effect at that time. They studied the question, gave it very thorough consideration, and finally recommended that the pneumatic tube was impracticable and recommended a tunnel. Now, my understanding is that tunnel was under course of construction at the time the war broke out and was abandoned because of the war.

Senator STERLING. I think I have seen some illustrations of that produced before some meeting of the committee here, showing how that tunnel system worked in Great Britain.

Mr. KOONS. I think I had it, Senator, with the diagrams they proposed, at a meeting before the committee one time when pneumatic tubes were being discussed I had the report of the committee.

Senator STERLING. They had pictures of the cars themselves, the mail cars, shooting through the tunnel.

Mr. KOONS. Yes, sir.

Senator CALDER. Mr. Koons, it is not proposed to have a regular mail car to go through this tube, but to have special equipment, is it not?

Mr. KOONS. Not a regular mail car, but it is a special equipment—an electric truck that would hold a great quantity of mail.

Senator DIAL. How do you handle mail, Mr. Koons, for the West or South, or points beyond New York?

Mr. KOONS. From the West the mail which comes over the New York Central for the New England States leaves at Albany and goes up by way of Boston; from the South and West that which is hauled over the Pennsylvania road must go to the Pennsylvania Terminal and then be transported across New York City, except some trains which make connections around over the new bridge.

Senator STERLING. Is it contemplated that along the line of the tunnel there would be stations where mail could be put on?

Mr. KOONS. No; we do not need stations; it would be direct connection.

Senator CALDER. You would probably have vehicles without motor-men?

Mr. KOONS. Yes.

Senator STERLING. I remember the illustrations referred to there they had a station and the car would stop and put the pouch mail on.

Mr. KOONS. Yes. This suggestion has been made that in the beginning we should utilize the full capacity and could use the tunnel for transporting baggage from the Grand Central to the Penn Terminal, and we might make considerable revenue out of it, but that would be an afterthought with us.

Senator PHIPPS. That was one of the thoughts I had in my mind in suggesting considering the advisability of building a full-sized tunnel, that we are going to such a large expenditure for the purpose of carrying the mail that there might be other duties that could be taken care of and produce a side revenue that would help justify your additional expenditure.

Mr. KOONS. We could do this, Senator; we could make a parcel-post rate on trunks and baggage from the Grand Central Station to the Penn Terminal, and vice versa, and I think we could transport it and make a great deal of revenue out of it and could use this tunnel for that purpose.

The CHAIRMAN. Do you think you are well enough posted as to the cost of this construction and everything else connected with it to recommend that this appropriation be made for building a tunnel?

Mr. KOONS. Senator, I would have to rely for that on the report of the Army engineers and conference with construction engineers who say they are willing—Stillman & Putnam, I think, is the name of the firm—willing to construct a tunnel 12 feet wide by 7 feet high, for the million and a half that we ask for. Now, of course, this tunnel is a little larger, and the Army engineers have suggested a larger tunnel and a little larger appropriation. I think it is well to follow their suggestion. As to the costs, I would have to depend on what the Army engineers and the constructing engineers tell us. Of course we would advertise, if this appropriation were made, and if we got no bids within the amount appropriated we would not construct the tunnel.

**The CHAIRMAN.** Did you submit any written instructions to the engineers as to what they were to do and what facts they were to determine?

**Mr. KOONS.** I can send you a copy of the letter we sent to the Secretary of War, which was to determine, first, whether it was practicable, whether it could be constructed from an engineer's standpoint, and the cost, and whether operation was feasible, and what would be the cost of the operation. I will send you a copy of the letter we sent to the War Department.

**The CHAIRMAN.** The committee would like to have all the information you possess in reference to this matter.

**Mr. KOONS.** We will send you everything we have, Senator.

**The CHAIRMAN.** You understand, the committee does not want to start out on any experiment?

**Mr. KOONS.** Neither do we, Senator; and that is the reason we have taken the precaution to have the Army engineers investigate it. But, of course, in determining this thing, there is a distinction between the pneumatic tube that was only 8 inches in diameter and where you could only send one carrier every 15 seconds—of course, the companies claimed 10 seconds, but 15 seconds was what we got in actual operation of the tubes. Now, that was almost like a lead pencil compared with a tunnel—with what we want to do now. We had to break the bulk of the mail to put it into the tube, wherein this mail can be handled in sacks and pouches, and we would not have to break bulk. That is the distinction between the two services.

**The CHAIRMAN.** Did you want to say anything about it, Senator Calder?

**Senator CALDER.** Nothing further.

**The CHAIRMAN.** We will have to have further information about it, and I presume we will want to talk with these engineers.

**Senator PHIPPS.** You are going to explain, Mr. Koons, about other matters relating to this, are you not? You are not through?

**The CHAIRMAN.** No; I am not through with Mr. Koons.

**Senator PHIPPS.** Before we get through I want to get Mr. Koons's views on the proposed air service.

**The CHAIRMAN.** I was going to reach that, but are you prepared to take it up?

**Senator PHIPPS.** I do not not want to break your order.

**The CHAIRMAN.** I have no particular order, but I was wondering whether you were the man who wanted to talk about that.

**Mr. KOONS.** It is a service that comes personally under Mr. Praeger, the Second Assistant, and he has handled it and is very much interested in it. Personally, I think it would be an unfortunate thing to abandon the experiment at this time. Of course, the aeroplane is in the development stage and it may not be perfect by any means, but no man can tell what the future of the aeroplane will be. If the aeroplanes could travel at night, and I am firmly of the belief that science will develop them so they can do it without any trouble, it would revolutionize the mail service, because the plane could leave New York at 8 or 9 o'clock at night and land mail in Chicago the following morning in time for the first delivery. I think it would be a serious mistake to abandon at this time the experiments we have made with the aeroplane.

There has been a good deal said about this service between New York and Washington. Of course, the greatest advantage in aeroplane service would be for long distances. The distance between Washington and New York is short, and to deliver mail in the afternoon you must leave here at 10 or 11 o'clock in the morning, and the accumulation of mail has not been so great at that time. But they also carry mail that has reached here from other sections on the train and advance it by three or four hours; that is, mail for New England and other mail that has come from the South. It must necessarily be conducted as an experiment at Washington, where it could be under the eyes of the Second Assistant, and enable him to develop the weakness of the air service. They have made remarkable progress. But air service to obtain the greatest advantages must necessarily be for distances, and the longer the distance the greater the advantage.

Senator STERLING. Has this been a daily service between Washington and New York, Mr. Koons?

Mr. KOONS. Yes, sir; I think for two years, daily except Sunday.

The CHAIRMAN. Do you know what amount of mail has been carried?

Mr. KOONS. That is covered in the annual report, Senator. Of course, in the beginning it was small. The postage was 24 cents. That was only 1 cent less than a telegram, but it included special delivery. It was reduced, but they only carried the letters specially marked to go by aeroplane. The postage has been reduced to the regular rates of postage, and in addition now they transport the mail the same as they would on a train or anything else going between those two points.

The CHAIRMAN. As I understand it, the Postmaster General reports that this has been a profitable experiment?

Mr. KOONS. I notice that in his report; yes, sir.

The CHAIRMAN. Do you think that is so?

Mr. KOONS. Yes, Senator; but I have not analyzed the figures myself. There is no reason why it should not be, for this reason: They are carrying only first-class mail. Now the profit on first-class mail is so great it could pay an enormous expense and still be a profitable service.

The CHAIRMAN. He figures his profit from the fact that he got something like \$70,000,000 more for first-class mail than it cost?

Mr. KOONS. Yes, sir.

The CHAIRMAN. And he reduces that profit in order to get any profit out of the aerial service?

Mr. KOONS. No; it would be the other way. Let me make a suggestion, Senator. The estimated cost of transporting and handling first-class mail was 56 cents a pound at the time the Hughes Commission held its hearings, and while salaries have increased since that time and some of the expenses have increased, the volume of the mail has increased greatly and, of course, you can always handle an increased volume at less cost. As your volume increases it naturally should reduce your cost some.

The revenue from first-class mail is about 95 cents, so there is a profit of about 40 cents a pound on first-class mail. That is, taking the average local letters and everything in the entire country.

The CHAIRMAN. Do you include in that cost the overhead charges? Mr. KOONS. We include everything, Senator.

The CHAIRMAN. Clerical hire and everything of that kind? Mr. KOONS. Yes, sir.

The CHAIRMAN. It bears its share.

Mr. KOONS. It bears its share; yes, sir. That was as near as it could be determined. So any method of transportation that transports only first-class mail is transporting the class of mail that pays the highest rate of postage, on which you have a much greater margin of profit than if it transported all classes of mail.

The CHAIRMAN. That is what I was trying to get at.

Senator PHIPPS. Is the rate now only 2 cents?

Mr. KOONS. Yes, sir; the rate is only 2 cents, but it does not receive special delivery service.

Senator STERLING. How many pounds of air mail do they carry from here to New York, do you know?

Mr. KOONS. I do not. It is covered in the annual report. Have you a copy of the annual report? It was purely a transportation problem and a new one, and I have not kept the figures in mind.

This (referring to the report of the Postmaster General) is a complete statement of the air service—this shows the number of pounds transported from July 1, 1918, to July 1, 1919, by months, and naturally most of that was on the Washington-New York route, because it was the only route in operation.

Senator STERLING. I suppose Mr. Praeger's report will show what he has paid the men who carried it?

Mr. KOONS. Yes; he has all those figures.

The CHAIRMAN. I thought we would take that up with Mr. Praeger, but as you have gone into that matter, there are two or three things I want to ask you to make clearer.

Senator PHIPPS. For this service, as I understand it, the Post Office Department had appropriations with which it would acquire machines to transport this mail in its own machines?

Mr. KOONS. Yes. Some were turned over by the War Department in the beginning, but they now have their own machines.

Senator PHIPPS. A suggestion was made that the Post Office Department instead of providing its own planes should work in connection with the War Department or the Navy Department or an aviation department which we may have, and that the Post Office Department could get all of the benefit of the experimentation carried on by the Air Service and pay proper compensation for the service rendered by the aeroplanes furnished by the other departments, which would relieve the Post Office Department of the responsibility, or at least a lot of the work and initiative of constructing and handling the machines itself.

Mr. KOONS. He buys the machines, I think, under contract—that is, the machines he bought. Some were turned over by the War Department and aviators were assigned to us by the War Department. Of course, they are using a heavier machine now, a machine that transports more mail. In the beginning they were limited to about 150 pounds of mail on the New York-Washington route and now they haul as much as 600 pounds of mail or more.

The CHAIRMAN. The machines have been specially constructed for the mail service, have they not?

Mr. KOONS. That is my understanding.

The CHAIRMAN. Now, I want to go back to that statement of the Postmaster General—you are speaking largely for him this morning—he makes a showing that there is a profit in the carrying of mail under present conditions by aeroplanes. He shows a profit by finding out what the total surplus over cost of handling first-class letter postage is, does he not?

Mr. KOONS. I did not get up these statistics, Senator, but if I were to figure that I would take the entire cost of the service, the revenue from the mail that was carried—that is, solely by aeroplanes—and you can base that on the average of 95 cents per pound for first-class mail, and then if your revenues exceeded the total cost of the service, including your overhead charges and everything, that would determine your profits. That is the way I would figure that.

The CHAIRMAN. But it might materially reduce the present surplus we get from first-class mail.

Mr. KOONS. If you transported all the mail by aeroplanes, I suppose naturally it would, but, of course, the volume of letters transported is such a small percentage of the entire amount transported that it would affect the \$72,000,000 to but a small extent.

The CHAIRMAN. Why do you not think it would be advisable under the circumstances to talk about reducing first-class letter postage?

Mr. KOONS. Not except on drop letters—I have been in favor of that. You see, the total cost of aeroplane service was only \$850,000.

The CHAIRMAN. That served what distance?

Mr. KOONS. Between Washington and New York and New York and Chicago. Now, the cost of inland transportation of the mail by railroads was \$54,000,000, so you see what a small percentage of the mail is actually transported by aeroplanes. So if there was no revenue at all from the mail by aeroplane it would only reduce the \$72,000,000 by \$850,000, because that is all that has been spent; that is the entire appropriation. So you could not reduce it by more than that amount if there was no revenue from it.

The reasons why I favor the reduction of postage on drop letters I have stated before your subcommittee. It is the class of mail that pays the highest postage. We have no transportation charge on it, and the profit from it is much larger than any other class. The second-class mail, of course, pays the least of any, and there was a loss of about \$72,000,000 a year before the present law went into effect.

The CHAIRMAN. What is it now?

Mr. KOONS. Why, it reduced it \$5,000,000 last year, Senator. It will reduce it \$5,000,000 more this year, and it will reduce it at the rate of about \$5,000,000 a year for four years, so there would still be, after the present law is in full effect in 1921, a loss of about \$50,000,000 in the transportation and handling of second-class mail.

Each administration that has advocated the increase in the rates on second-class mail has said—that is, I say each administration—I remember particularly, Mr. Hitchcock, that as the rates were increased on second class they ought to be reduced on first class. Of course, naturally the first place to reduce it would be on drop letters, and after the second-class rates are in effect three years, and next

year will be the beginning of the third year, it will increase the revenue on the second-class mail about \$15,000,000. It was our intention to give that back to the public in reduced rates of postage on the class of mail on which they pay the most excessive rate, and that is the drop letters, so we have urged a reduction of 1 cent on the drop letters.

The CHAIRMAN. If you continue your aerial mail service you would not have so large a surplus, would you?

Mr. KOONS. Because of increases in compensation I doubt if we will have any surplus this year, Senator.

The CHAIRMAN. I mean from these revenues obtained from mail alone, to say nothing about the expenses.

Mr. KOONS. That is a hard question to determine, Senator, because as you increase your facilities and reduce your rates you increase the volume of mail.

In the parcel post, the rates of postage in effect at the beginning was 5 cents a pound and 3 cents for each additional pound for the first zone, and the second zone was 6 cents for each pound and 4 cents for each additional pound. Now we made the same rate for both of those zones and make it 5 cents for the first pound and 1 cent for each additional pound. Other rates were gradually reduced, except in the eighth zone where there was no change in the rates. Now, that was a reduction of 75 per cent and in some cases even greater. Where we reduced from 3 cents to 1 cent a pound it was a reduction of 66.66 per cent and, as you recall, there was a great contention at that time that it would create a very large deficit. But instead, it brought the traffic to us and increased the volume of parcel post and the quality of mail handled, so that instead of making a deficit our surplus can be attributed to that more than any other one thing.

For instance, as near as we can estimate by periodical counts twice a year, before the parcel post was in effect the revenue from fourth-class mail was estimated to be \$12,000,000 annually. Now, based on the last count we made, last October, the revenue from parcel post would be about \$118,000,000. That is an increase of \$106,000,000. Now, the entire increased cost of the Postal Service from the fiscal year 1912 or 1913 up until the end of the last fiscal year was less than \$106,000,000.

Senator STERLING. That is covering the entire period.

Mr. KOONS. That is covering the entire period and the entire increased cost of the service. So that the increased business of the parcel post has amounted, apparently, to as much as the entire increased cost of the service, notwithstanding the reductions in rates.

Now, naturally, the 1st of last July we thought when the postage was reduced from 3 cents to 2 cents there would be some increased business, but we never thought the total revenue would be as great as it was the year previous. But it has gone beyond that by 8, 10, 12, or 15 per cent. So apparently, as you give the public facilities or cheaper rates they use the service to a far greater extent.

I think that has been the experience of the electric companies and of the gas companies. At one time gas was only used for lighting purposes. They made it cheaper and gave facilities to use it for cooking it greatly increased the volume of business and profits. The same is true of the telephones. The cheaper you make the telephone

and the more facilities you give the public for using it the more it is used and the more the companies make out of it, and the same is true of telegraph or any other public utilities. I do not think we could justify the statement that as the aerial service increased the surplus would decrease.

If you can connect the Atlantic with the Pacific in two days or three days in the transportation of mail that means a tremendous thing for the business world, and they would use the mail to a far greater extent than it is used to-day.

The CHAIRMAN. I think there is a good deal of true philosophy in what you are stating with reference to the reduction of price by increased volume, and which tends, at least, to increase profit, and you mentioned telephones as an example of that. The department raised the fee when it handled the telephones, did it not—increased the rates?

Mr. KOONS. We did, Senator, for this reason: We took over the properties at the time when the companies had absorbed to the full limit through economies the increased cost due to the war. We took them over on a rising tide of cost. Within three months after we took them over—we took them over in August and on November 11 the armistice was signed—we attempted to operate the properties without any deficit at all. When we first took the properties over we expected to operate them for three years; everybody thought the war would last a year longer and until peace was declared would be another year. We were working out a line of economies to put into effect and which we thought, and still think, would have absorbed most of the increased cost. Of course, when the armistice was signed that all ended. We absorbed some of the increased costs through economies, but we could not absorb them all, and had to meet them by increased rates, which was the only way we could meet them.

The CHAIRMAN. Did that lessen the business when you increased the rates?

Mr. KOONS. It was hard to tell, Senator, for this reason: There was a decrease in telephone business about that time, but just before the armistice was signed instructions had been issued to the manufacturers of telephone equipment that the Army in France had the first call and they would get whatever they needed and we would get what was left of supplies and equipment. That was for extensions and improvements. We had worked out a plan with the War Industries Board with the hope of still getting some equipment to make extensions, but had no prospects of getting any, and I think if the war had continued we would have had to declare telephones nonessential and essential according to the business.

The CHAIRMAN. Does anybody want to ask Mr. Koons any more about this aeroplane service?

Senator STERLING. I might just ask him this question—it is a matter that has been brought to our attention. I think by the chairman—you know something about the service, perhaps it is a contemplated service, between Key West and Cuba?

Mr. KOONS. Mr. Praeger made a trip to Cuba to look after that and my understanding is that he is contemplating a service there. I am not posted on that.

Senator DIAL. Do you want to ask him whether he recommends a continuation of motor trucks?

The CHAIRMAN. Yes; that is one of the subjects I have down here to talk to you about, the motor-truck service.

Mr. KOONS. You mean country express service?

The CHAIRMAN. I want to ask you this: Have you seen any improvement in that service over your special report of a year ago?

Mr. KOONS. You mean the motor-truck service?

The CHAIRMAN. Yes.

Mr. KOONS. This is true: In talks I have had with the Fourth Assistant, of course, that bill last year gave them wider latitude and made it a motor-express service. I think a number of the routes in effect at that time were discontinued, and he is conducting motor-express service to some tidewater counties down in Virginia, and has made arrangements to have the trucks ferried across the river. It brings the mail into Washington much sooner and gives them an outlet for their produce.

The CHAIRMAN. We are going to have Mr. Blakslee up here to talk about this proposition.

I had intended taking this bill up with the changes that were made in the existing law for the purpose of getting the First Assistant's opinion about it, but we have been devoting the morning to a discussion of matters that are not included in the bill at all, new matters, and perhaps it would be just as well to continue along that line.

Senator PHIPPS. Was the air service cut out by the House?

The CHAIRMAN. Yes; there is nothing of that kind in the bill. These are all new propositions that are not included in the bill we are talking about, except the general statement he made to begin with as to the increase of clerks, etc., but I wanted to take them up in their order as appearing in the bill at some time, but I would just as soon proceed this morning with the general discussion of the matters which are to be considered.

Senator PHIPPS. On that air service it has occurred to me that the department desiring to continue that, its chances of receiving appropriations for that purpose would be advanced considerably if it would arrange to take its machines from a department that will have a very large appropriation for experimental purposes rather than for the department to make its own independent experiments, because if you had another department which could hand the machines to you, or even going to the extent of operating them for you, it would still leave the development of the aeroplane in a centralized position, whereas if you go along independent lines then the Government will be carrying on experiments under two or three different managements, two or three different heads, which is undesirable.

The CHAIRMAN. I think that is true and I think that is a matter to be discussed.

Mr. KOONS. Yes.

Senator PHIPPS. I would like to suggest to Mr. Koons that he give a little consideration to that suggestion, because I never like to be one to throw cold water on new things, but at the same time I can appreciate the fact that a continuance of experimental work

with aeroplanes by the Post Office Department is going to meet with considerable opposition.

The CHAIRMAN. I think that is true. I think as a business proposition that is going to be opposed, but I was going to take that up with Mr. Praeger, who, I understand, is familiar with it.

Mr. KOONS. Yes, sir.

The CHAIRMAN. I want to know exactly what they are doing in the way of developing the art and to see what they are accomplishing as to postal facilities.

Mr. KOONS. He has given that matter his personal attention and, in fact, has given it a great deal of attention.

Senator PHIPPS. You see your figures for the fiscal year show about 230,000 pounds of mail handled at a cost of \$160,000-odd. If that were all the expenditure involved why, of course, there is an apparent profit if you figure 95 cents per pound as the revenue derived from the mail.

Mr. KOONS. Yes, sir.

Senator PHIPPS. You run an aeroplane for a few hundred miles and it is gone and has to be rebuilt, and, of course, that \$160,000 of expenditures figures nothing for depreciation on the equipment used, which has to be taken into consideration if you are to arrive at the actual cost of your service?

Mr. KOONS. You have got to allow interest on your investment.

Senator PHIPPS. Well, of course, the Post Office Department has not been figuring any interest on investment.

Mr. KOONS. We have on the Government-owned motor trucks. We figure it at the rate that the Government paid before the war 3 per cent; now we are using 4 $\frac{1}{2}$  cents, the rate on the investment; we also estimate for the depreciation.

Senator PHIPPS. And the depreciation?

Mr. KOONS. We figure both of those; yes, sir.

The CHAIRMAN. That is in the truck service?

Mr. KOONS. Yes; in the Government-owned trucks for screen wagon service.

Senator PHIPPS. I am glad to hear that you have taken up that method, Mr. Postmaster. It seems to me more business-like.

Mr. KOONS. It is the only real comparison you can make, because your equipment is going to wear out and, of course, interest must be paid on the money invested.

The CHAIRMAN. There is one outside matter here. Mr. Parrish, who comes from Texas, has proposed an amendment here. I do not know that it has reached us. I told him to have Senator Sheppard introduce an amendment to that effect, but I will read you this. You probably have not seen it.

Mr. KOONS. No; Senator, I just got home this morning.

The CHAIRMAN. His proposition is, as you probably know, to give the Post Office Department discretion as to increasing the compensation of rural carriers in certain exceptional districts of the United States, notably in Texas, where he claims the roads have been torn up by the use of trucks at congested points, and that now the carrier can not handle the mail on that route with dispatch, and as I understand it, the department is having difficulty in getting carriers to

handle it. I will make that clear by reading this letter written to me by Congressman Parrish:

WASHINGTON, D. C., January 26, 1920.

Hon. CHARLES E. TOWNSEND,

*United States Senate, Washington, D. C.*

MY DEAR MR. TOWNSEND: Herewith is a copy of the amendment touching the necessity for relief in the matter of rural carriers, especially in the congested districts of Texas.

I offered substantially this amendment to the post-office appropriation bill when it was being considered in the House, but it went out on a point of order, to which I knew it was subject. I have requested Senator Sheppard to introduce the amendment, which will be referred to your committee, and to which you stated to me personally you would refer to the Post Office Department.

I trust you will see fit to give relief, as suggested in this bill, if not in all particulars, in such as will at least help us. I represent 12 counties in Texas which are affected by the oil excitement, and especially in the regions of Wichita Falls, Burk Burnett, and surrounding districts. A great many of the carriers are quitting and we are having difficulty in keeping rural carriers. At Iowa Park three of the rural routes are down and have been for eight months; at Graham, Bellevue, Sunset, and other places the carriers are threatening to quit. The first thing that happens when there is sudden and rapid development in an oil district is that the roads are overused and cut to pieces, the mail increases in volume and weight, and the carrier is required to give two or three times the amount of work and time to make his route as required in normal times.

In my appeals to the department for relief I have been met with the statement that they have no discretion, but must pay the carriers upon a strict mileage basis. This bill would allow in cases of emergency the exercise of discretion and take into consideration the weight of the mail and other facts to determine the real worth of the task.

Since I began the dictation of this letter I have received a telegram showing the resignation of two carriers out of Sunset, Tex., and many other sections of my district are similarly affected.

Any consideration you may give this matter will be very much appreciated, and I sincerely trust you will grant the relief requested. I will be glad to appear before your committee at any time you may afford for me to appear in support of this matter.

Thanking you for the courtesies extended me, I am,

Very sincerely, yours,

LUCIAN W. PARRISH.

The CHAIRMAN. Now that amendment I sent to you.

Mr. KOONS. I have not seen it.

The CHAIRMAN. Perhaps you understand it, because he said he had submitted it to you and that you approved it.

Mr. KOONS. Congressman Parrish's district, a great deal of it, now is in the oil development fields, probably his entire district is in what we call the Texas oil fields and towns spring up over night and some of them disappear almost as soon. We have an appropriation of \$250,000 for unusual conditions at post offices to be used to hire the clerks and city carriers. This does not include the rural carriers. The \$250,000 may be sufficient for next year, but it is not for this year. We have already had to ask for a deficiency appropriation because of the large oil fields there.

The CHAIRMAN. How much does the House bill carry?

Mr. KOONS. The House bill carried \$250,000. Last year we had \$200,000 and we have asked for a deficiency.

Senator PHIPPS. How much deficiency?

Mr. KOONS. I think it is \$150,000. The entrance salary for post-office clerks is \$1,200 even under the resolution, while for a rural

carrier it is \$1,700, but the rural carrier must furnish a horse. You will have resignations down there no matter what salary you pay, because when they need labor they simply go in our post office and offer men \$10 or \$12 a day, or anything, to get them, and they will do the same thing with the rural carriers. They will use them for a few weeks and then they are through with them. So it is a shifting population, a shifting class of employees. So you are bound to have resignations no matter what you make your salaries. It is a dangerous thing to open up, because as soon as you open it up on the rural routes in the oil fields every rural carrier that has mountain roads, clay roads, bad roads in the winter, everywhere in the country will immediately want to come in under the unusual conditions. But I will go over his bill and check it up with the Fourth Assistant and give you our judgment on it.

The CHAIRMAN. If you will answer my letter, which I sent you last evening, with the proposed amendment.

Mr. Koons. Yes, Senator.

The CHAIRMAN. Is there any other new matter, Mr. Koons, that is not in the bill that you want to call to our attention?

Mr. Koons. Senator, it depends on whether you intend to put any so-called riders onto the bill. If this bill for appropriation purposes is reported by your committee as it passed the House, then we would have no new matters outside of the matters that have been mentioned this morning.

The CHAIRMAN. I will say in my own opinion I want to get just as little legislation on this bill as possible.

Mr. Koons. We have some legislation pending. The House did not put anything on the bill except one or two restrictions of appropriations which I can cover in just a minute. Of course, the 1-cent postage on drop letters is pending before you. We have recommended from time to time the bonding of postal employees themselves instead of through the bonding company and is a piece of legislation that ought to be passed. I was talking to the Postmaster General the other day and we are anxious to secure legislation to permit the Postmaster General to name the acting postmaster when a vacancy occurs. Under the present law the Postmaster General can not designate an acting postmaster in case of death, removal, or resignation. The bonding company designates the acting postmaster. The only way the Postmaster General can designate a person to take charge of an office is to designate a post office inspector.

We are without authority to appoint acting postmasters. This law was passed when all classes of offices were purely patronage and when you could make appointments as soon as you had the recommendation of the Congressman or Senator, or whoever the referee might be in such matters, but now, of course, under the system of examinations it delays the appointment of a postmaster because you must advertise the examination for 30 days. The Civil Service Commission does the examining and we have to wait until they grade the papers and we then have to submit the nomination to the Senate, so three months is about the shortest possible term of time in which we can appoint a postmaster. Sometimes if there are no applicants at the first examination it must be readvertised and if no one passes

it must be readvertised again, and often there are charges filed, so it may run a year before we can make the appointment. In the meantime we have no control over who is designated as acting postmaster. The bonding company simply designates somebody to act on the old postmaster's bond, and they being responsible for the finances assume the authority to designate for that short interim the man who is to act.

My understanding is (and I will verify this before the hearing is completed) that when they designate an acting postmaster they require him to give a new bond on which he pays the premium so they are simply bonding a new man and making him postmaster.

The CHAIRMAN. Are you sure about that?

Mr. KOONS. Acting postmasters have told me that, Senator, but I want to verify that statement.

The CHAIRMAN. I wish you would.

Mr. KOONS. And I will verify it and put it in the record when I send the record back to you. Acting postmasters have told me that. They say the bonding company says you are designated an acting postmaster and we send you a bond which you shall execute. [Acting postmasters are required to furnish a new bond and pay the premium thereon.]

Senator STERLING. Has any particular evil grown out of that system?

Mr. KOONS. It has, Senator. In some cases—there was a case in the South where a new agent for the bonding company had just settled in the South. It was a first-class office and paid, I think, \$3,000 a year. As soon as a vacancy occurred he immediately took the office because he could conduct it in connection with his bonding business, and it meant \$250 a month. He paid little or no attention to the office, and we asked the bonding company to remove him. They said they would stand on their rights, and we were powerless in the case because under the law they have the right. We suggest a name in many cases and very often they follow out the suggestion because they have no one on the ground and are glad to have us suggest somebody, but if they do not follow it out they can put anybody in they see fit to and we have no control.

Senator PHIPPS. The cost of the bond, I understand, is paid by the incumbent?

Mr. KOONS. Yes, sir.

Senator PHIPPS. If the Government were to bond, I presume then it would exact the same rate from the employees?

Mr. KOONS. Well, the two things mentioned are separate features. One is the Government bonding all employees and the other is to change the law so as to give the Postmaster General the right to designate an acting postmaster in case of removal, resignation, or death. Now, answering your question, if the Government bonded the employees, of course they would bond all and they would charge the cost of the service, that is all, and we have every reason to believe it could be done much cheaper than the premiums paid to-day.

The CHAIRMAN. With whom would you place the risk?

Mr. KOONS. We would start a guaranty fund of our own and collect a premium from each person who was bonded, and then any losses or defalcations would have to be paid out of it. It would be a separate fund. We would not bond them with any company.

The CHAIRMAN. Have you any idea on what basis you would fix the premium?

Mr. Koons. We would fix it on the basis of the liability of the employee; that is, I mean his opportunity, just the same as the bonding companies fix it now, although now it is not fixed on an equitable basis. They charge \$1 a thousand for a postmaster and \$1 a thousand for post-office inspectors, and only 50 cents a thousand for a carrier and clerk, who really have access to the mail and greater opportunity to steal.

Senator STERLING. It does not look to me quite right in principle that sureties on postmaster's bonds should have the whole say.

Mr. Koons. No; it is not, Senator.

The CHAIRMAN. They should not unless they are wholly responsible. That is why I want you to find that out. Of course, if it is true that they exact another bond from the man that goes in, why, then, of course, I can see much reason in what you say and very little in their objections.

Mr. Koons. The law was all right when it was passed because vacancies lasted only a few days and it was to take care of an emergency. You could make an appointment over night almost, but with the change in the method of appointment there must necessarily be an interim of at least three months and possibly longer.

The CHAIRMAN. Did you ask for this legislation in the House?

Mr. Koons. They told us, Senator, that they would not place any legislation on the bill. The chairman of the committee told me they did not intend to report any legislation out on the bill.

The CHAIRMAN. You did not submit this to them?

Mr. Koons. No; but we are going to submit it to the chairman of the committee. I just dictated this statement Saturday and showed it to the Postmaster General, and we are going to submit each one of these propositions to the chairman of the committee on the House side.

Senator STERLING. Have you prepared any amendment to this bill that would meet that situation?

Mr. Koons. I was going to prepare it this afternoon. That was my intention, Senator.

The CHAIRMAN. Anything further there?

Mr. Koons. Now, there is one bill which has been introduced in the House and which is before the committee, and I think Senator McCormick has introduced the same bill here; that is, at the present time we can accept third and fourth class matter without postage stamps affixed, and we have asked the same authority on first-class mail. It is not compulsory. The mailer determines himself whether he would want to use it, and it would save us two operations in handling first-class matter. It would require a permit and the hour of mailing them. For instance, take a telephone company that sends out its bills on the last day of the month, we would require them to put on the hour it was mailed; for instance, March 31, 4.30 p. m., and they would have to mail them in the office before that time. That would save us two operations. One would be the facing of the mail, as we have to now, and the other would be running it through the cancelling machine, and the advantage to the mailer would be that he does not have to keep as many stamps on hand, and there

is not the opportunity for his employees to use the stamps for their personal use.

The CHAIRMAN. I do not get that clearly in my head just what change you propose.

Mr. KOONS. At the present time, Senator, you can mail third or fourth class mail in identical pieces without postage stamp affixed. The postage is paid in money. It has on it, "Postage paid in money." Now, they mail this and pay us in money instead of affixing stamps to it. That saves us two operations.

The CHAIRMAN. Do not you put stamps on it?

Mr. KOONS. No; they do not put any stamps on it at all.

The CHAIRMAN. Where is it to be delivered?

Mr. KOONS. It is delivered to the post office, and has printed on it that it is mailed under permit. If it requires 2 cents postage, it is printed, "Postage paid in money, 2 cents," and they pay it in cash and we give them a receipt for it, showing the number of pieces mailed and the total amount of postage.

The CHAIRMAN. Suppose it is a letter to be mailed some place outside of the town, you have to have a stamp on it?

Mr. KOONS. No; it has the amount of postage printed on the envelope and that the postage has been paid in money.

Senator STERLING. What is the occasion for receiving the postage in money instead of stamping the parcel?

Mr. KOONS. There is this, Senator: They pay for it in money; they bring it to us faced up, and we just pass it right on to the distributing cases. It advances the dispatch of the mail and it saves us the fac-  
ing of it and running it through the canceling machine.

The CHAIRMAN. Who stamps it paid?

Mr. KOONS. The mailer, when he has his envelopes printed. He has printed in the corner—he has his business card printed on the mail, and at the same time he has that printed he has printed in the corner "Postage paid in money, 8 cents," or 3 cents, or whatever it takes, and "Permit No." so and so. He must get a permit before he can mail under that law from the Post Office Department.

Senator DIAL. I understand he pays each time he mails them?

Mr. KOONS. Yes, sir; it is used a great deal by the mail-order houses, for instance, in mailing catalogues.

Senator PHIPPS. Say he is sending out five pieces identical in form, it saves the trouble of buying the postage stamps and affixing them, because they have to have an envelope or container printed in any event, and they simply add these words. They bring it to the post office all faced up, and all that has to be done at the post office is to count the number of pieces and collect the cash, instead of selling the postage stamps. It is a saving of time to the department and to the mailing house. It is a big thing, I think. I have given that bill of Senator McCormick's a little thought because I thought that, properly guarded, it would be a very desirable piece of legislation.

The CHAIRMAN. Is there any opportunity for fraud?

Mr. KOONS. There has never been a case of fraud develop under the permit system as far as I know, and there is no opportunity, because we have the final say as to how much it weighs and how much postage is to be collected.

The CHAIRMAN. I did not know about this matter. This is all news to me. Suppose the carrier in delivering one of these letters or a package of those letters should lose them, somebody finds them and picks them up, would the postage have to be paid again?

Mr. Koons. No, sir; the seal that is stamped on it in the corner, the permit, carries the same force and effect as though it was a postage stamp. That shows the postage was paid at a certain office in money and it carries the same effect as if it had a 2-cent stamp, or whatever the postage was.

Senator DIAL. Suppose you just mail them and put them in the box, how would you know?

Mr. Koons. They have to be taken to the office and mailed, or we will not accept them. That is one of the requirements.

Senator PHIPPS. And the one desiring to use the privilege must arrange in advance?

Mr. Koons. He has to get a permit. I could not mail a thousand circulars that way myself until I had gotten a permit. Now on a circular we do not put the hour of the post mark; on a letter we do. We require them to print their envelopes that it will be delivered in the office by a certain hour.

Senator STERLING. Who issues the permit, the Postmaster General or the postmaster.

Mr. Koons. It used to be the department, but we allow the postmasters to do it now.

The CHAIRMAN. Suppose a man should put a bunch of those letters in the mail box, as Senator Dial suggests, and the carrier came along and picked them up, would it be his duty to take them to the office?

Mr. Koons. He would take them to the office, Senator, but they would be thrown out at the facing table.

The CHAIRMAN. Suppose he proceeded to deliver them.

Mr. Koons. The carrier must take his collections to the office. He can not deliver what he collects.

The CHAIRMAN. Suppose he should? How are you going to check up on him?

Mr. Koons. That would be something that could not possibly occur, because you could say the same thing about any other matter. Suppose a man dropped a letter now without a stamp on it and the carrier delivered it without taking it to the office. There is just the same possibility of that occurring by the use of the stamp as there would be by the other method. Some of these canceling-machine people claim they can invent a machine, and there are machines that are used—the mailermeters, as they call them—where they affix the stamp now, that count every letter that goes through and shows exactly how many letters are mailed.

Senator PHIPPS. It is a system that has been in operation and has worked successfully for other classes of mail. It seems to me where uniform mail matter of first class is sent out in large quantities it is a very desirable thing to have this permit stamp put into effect.

The CHAIRMAN. If properly safeguarded I think it would be.

Mr. Koons. We would safeguard it, because they would have to mail them under such rules and regulations as the Postmaster General may prescribe. There will be no trouble about safeguard. I do not think there would be any risk.

The CHAIRMAN. Are you going to submit an amendment here covering that?

Mr. KOONS. Yes; Senator McCormick has introduced a bill, which I think is identical with the bill in the House, and the wording of his bill is all right.

Senator STERLING. You just have two sources of receipts, then, have you not—the sale of stamps and the cash received under these permits?

Mr. KOONS. And the cash from the second-class matter. You see the postage on all second-class matter is paid in cash, also the box rents. But for postage we only have the three sources, second class, which is paid in money; the first class, which is always paid by stamps affixed, and the third and fourth class, which is mailed under the permit system or by stamps affixed, either one.

The CHAIRMAN. All right. Is there anything further?

Mr. KOONS. Of course, we have one other one, Senator, that we have recommended for a couple of years, and that is placing postmasters under the classified Civil Service. We have recommended that each year and it passed the Senate once. I think Senator Poindexter offered an amendment on the legislative bill and it passed the Senate, but it was stricken out in conference. Of course, the fourth-class postmasters are under Civil Service; the first, second, and third class postmasters are not. They are filled now by the examinations held by the Civil Service Commission.

The CHAIRMAN. Under the Executive order?

Mr. KOONS. Under the Executive order. Now, if they are put in the classified civil-service vacancies could then be filled by promotion from within the service, which we think should be done in every case possible to do it, or by original appointment and, of course, they would be covered under the classified civil service. I mean if covered under the classified civil service that would eliminate the tenure of office; the tenure would be during the time they rendered satisfactory service. I think that legislation has been recommended each year by the present Postmaster General, and we have always been very much interested in securing it.

The CHAIRMAN. Then the postmaster would hold on continually?

Mr. KOONS. The same as civil-service employees; yes, sir, during good behavior, and the positions would be filled by promotion in the ranks wherever possible, the same as other supervisory positions are.

The CHAIRMAN. Are those all the new propositions you have?

Mr. KOONS. Those are the new propositions here, Senator.

Senator PHIPPS. There is one little item I would like to call the Postmaster General's attention to. I wrote a letter, I think to the Postmaster General, in regard to it. A suggestion was made for the collection of postage due on letters that find their way to the dead-letter office and by reason of there being opened and read they are able to identify the sender of the letter.

Mr. KOONS. You mean making a charge for that?

Senator PHIPPS. Making a charge for returning that letter in that it was negligence on the part of the sender in putting an incorrect address or an insufficient address on, and that the department has been put to the trouble and expense of locating the sender of the letter, and there should be no objection on his part to paying a mod-

erate fee for the return of that letter, and a charge of 10 cents was suggested. That perhaps would be higher than necessary, but it rather appealed to me as something that would have a good effect.

Mr. KOONS. I would like, if you will permit me to suggest, Senator—I will be here in the morning and in the meantime I would like to look up that matter. I think there was legislation of that kind in effect at one time. My recollection is when they used to send a letter from the dead-letter office they charged only the 2 cents on it, and I would like to look into it and I will have something for you in the morning.

Senator PHIPPS. I thank you.

(Whereupon, at 1 o'clock p. m., the committee adjourned until tomorrow, Thursday, January 29, 1920, at 10.30 o'clock, a. m.)



# POST OFFICE APPROPRIATION BILL, 1921.

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THURSDAY, JANUARY 29, 1920.

UNITED STATES SENATE,  
COMMITTEE ON POST OFFICES AND POST ROADS,  
*Washington, D. C.*

Present: Senators Townsend (chairman), Sterling, Phipps, and Dial.

The Chairman called the committee to order at 10.30 o'clock a. m.

## STATEMENT OF JOHN C. KOONS, FIRST ASSISTANT POSTMASTER GENERAL—Continued.

The CHAIRMAN. Mr. Koons, my attention has been called to a statement in the press that the Interstate Commerce Commission has granted an increase in compensation allowed the railroads for carrying the mails. Is that true?

Mr. Koons. That is true. That comes under the inland transportation of mails, which is under the Second Assistant, Mr. Praeger, and the case before the Interstate Commerce Commission was handled by Mr. Stewart. That is, he was our attorney. He was formerly Second Assistant, and the rates for a certain period are increased from 21 to 27 cents, and after that period they are increased 25 per cent.

When I talked to Mr. Stewart a few days ago, he had not analyzed the figures so I could tell what the effect really would be, but it has increased the compensation.

The CHAIRMAN. The department opposed that increase, did it?

Mr. Koons. Well, it was submitted under the law; they have to submit it to the Interstate Commerce Commission, the railroads were given a hearing and the department a hearing, and the department opposed the increase, of course, to the extent it was asked.

The CHAIRMAN. Well, Mr. Stewart would know more about that?

Mr. Koons. Yes, sir; he would have all of the details.

In reference to the bonding matter that I mentioned yesterday, Mr. Chairman, I made inquiry of three of the companies and I find they require a bond of an acting postmaster in the same amount that the postmaster himself is bonded.

The CHAIRMAN. That is, a new bond?

Mr. Koons. A new bond. That is, two of the companies.

The CHAIRMAN. Was there anything special you wanted to call our attention to that has not been referred to?

Mr. Koons. That was one, and the paragraph relative to the classification of presidential postmasters. There is one point I believe I

did not bring out yesterday, and that is the suggested legislation does not classify the incumbent, but only the position. It is not a move to cover the incumbent under a blanket order, and if the legislation asked for is granted it would be handled the same as when President Taft, covered the assistant postmasters into the classified service, those who had good records and had rendered satisfactory and efficient service would be certified to the Civil Service Commission, and those who had not would not be retained.

Senator PHIPPS. Without further examination?

Mr. KOONS. Yes; without further examination. Our position would be that four years' satisfactory and efficient service would be the best test of his efficiency.

The CHAIRMAN. Well, this would result in covering them all, practically.

Mr. KOONS. Well, possibly, I assume, 75 per cent of the incumbents.

The CHAIRMAN. Well, you do not have any postmasters at present who are incompetent that you are holding?

Mr. KOONS. We are removing them all the time, and we are not reappointing a number of them. You see, it is a case of handling as they come up. The point I want to bring out is this: If that legislation were enacted and approved, that would not automatically cover all postmasters in the civil service.

The CHAIRMAN. It would, practically.

Mr. KOONS. It would cover the position, but we would have to certify to the Civil Service Commission that the incumbent had rendered satisfactory and efficient service during his term as postmaster, and he was entitled to be covered in the classified civil service, but they would have a right to call for our files in the case. That is the way the assistant postmasters were handled.

The CHAIRMAN. It would cover at least 99 per cent, would it not?

Mr. KOONS. I think not over 90 per cent.

The CHAIRMAN. Do you mean to say you have 10 per cent of the postmasters who, in your opinion, are not competent?

Mr. KOONS. I mean, Senator, that 90 per cent of the postmasters are reappointed; not over 90 per cent are reappointed.

The CHAIRMAN. What kind of a civil-service examination do you propose to hold on postmasters of the first class, for instance?

Mr. KOONS. That would be under the classified civil service. The commission itself would be the judge of the examination to be held.

The CHAIRMAN. That would do away with the executive order?

Mr. KOONS. Yes, sir; eliminate the executive order.

The CHAIRMAN. Now, is Mr. Praeger here?

Mr. KOONS. Yes; Mr. Praeger is here. There is just one other statement I want to make, though, so far as the first assistant's business is concerned. If the House joint resolution would be continued, the bill reads as it should read to carry out those provisions. Now, there is no new legislation except on page 11 there is an amendment that was offered by Mr. Black, of the House committee, to take care of the question of appointing postmasters in the oil fields and in towns where a large office springs up over night. That is on the bottom of page 11.

The CHAIRMAN. Yes; I remember it.

**Mr. KOONS.** It reads that—

Wherever unusual conditions prevail, the Postmaster General, in his discretion, may advance any post office from the fourth class to the appropriate presidential class indicated by the receipts of the preceding quarter, notwithstanding section 16 of the act approved May 18, 1916, as amended.

Under the present law we must establish a new office as fourth class, and then it continues as such for four quarters. This would enable us to take it out of the presidential class at the end of any quarter based on the business it did for the preceding quarter.

It also gives us the right, where we exercise that authority, when the initial conditions no longer exist—for instance, at Nitro, W. Va., where an office sprang up over night and now it is practically abandoned, this gives us the right to reduce the office back to the fourth class again, and that legislation is recommended by the department.

On page 12, after the item for rent, light, and fuel, there is a provision that enables us to make leases for 20 years. We asked for that legislation because we can get buildings constructed for our own purposes at a less rent. At the present time, I think, practically the cost of the building is added on to the 10 years' rent.

**Senator PHIPPS.** Do you have a 10 year provision?

**Mr. KOONS.** We have now, Senator.

**Senator PHIPPS.** How long has that been in effect?

**Mr. KOONS.** It has been in effect 10 years, that I know of; possibly more.

**Senator PHIPPS.** Personally, I was induced to erect a building at Pittsburgh, Pa., for post office purposes on reasonable assurance that the lease would be continued from year to year, and after about two years and a half I was suddenly notified that the Post Office Department wanted something else, and I had my building on my hands, with special equipment which rendered it valueless; at that time I was told there was no provision beyond the year-to-year arrangement.

**Mr. KOONS.** Was that for a railway terminal, Senator?

**Senator PHIPPS.** For a branch use; it was right across from the Union Station.

**Mr. KOONS.** Do you know, Mr. Praeger, whether that was a railway mail-service terminal?

**Mr. PRAEGER.** I think so.

**Mr. KOONS.** When was it used?

**Senator PHIPPS.** It was used in about 1912 for a couple of years.

**Mr. KOONS.** I think, Senator, there were some R. M. S. terminals rented in 1912 and 1913, before they had authority to make a 10-year lease, but they now have authority to make a 10-year lease, but have asked for the same legislation that we have asked for, to extend it to 20.

Now, we have a provision, and I explained it to the House committee—of course, it is purely administrative—we have a provision in our leases now that we can cancel them on 90 days' notice, but it is our intention to extend that time over one-fourth or one-half of the time of the lease, because we find it is costing us a great deal of money to keep that provision in the lease, and it is not fair to ask a man to erect a building solely for our purposes and equip it, and then

possibly cancel the lease on 90 days' notice a year or two afterwards, as the Senator has stated.

Senator PHIPPS. Well, I quite agree with you on that, but if you now have a 10-year right now, right to lease for a period of 10 years, what are the arguments in favor of increasing that 20 years?

Mr. KOONS. Why, in New York City and Chicago and a number of the larger cities, we have to have some real large stations at a cost of \$100,000 or \$200,000 a year; we have to do it to take care of the service. Now, to have buildings erected for our purpose on a 10-year lease, it is going to add enormously to our rent, and if we can make a 20-year lease with a guaranty not to cancel until after a certain period of years, five years, or half of the lease, and then not until after one year's notice, we can save a great deal of money in the rents.

The CHAIRMAN. On what grounds would you cancel a lease if you had made it for 10 years?

Mr. KOONS. One ground is if there is a Federal building erected and we move into that—that is, I mean a public building—that automatically cancels the lease. The other ground usually for the cancellation of a post-office lease is the quarters become inadequate and we have to have larger quarters, and we offer the lessor the opportunity to enlarge his quarters, but sometimes that is impossible, and then we have to cancel the lease and rent other quarters.

The CHAIRMAN. Do you have provision for that in your contract with the owner?

Mr. KOONS. Yes; provision in the contract, to cancel on 90 days' notice. There is one exception; we have a lease in New York which has been carried for a number of years. That runs out in another year, but we have no cancellation clause in it. That lease, I presume, was made 15 or 20 years ago. That is for the Hudson Terminal, New York City.

The CHAIRMAN. How could you make a lease of that length, 20 years?

Mr. KOONS. It has been renewed every 5 years. They would not make a lease if it had a cancellation clause in it. In New York City, we have to extend, in most cases, the cancellation period to one year. Of course, there is no law covering the cancellation clause, and it is purely a matter of administration.

Now, of course, this does not mean that we would make all of our leases for 20 years; even though we have a 10-year lease authority now, we make a number of leases for 5 years. Of course, we prefer a long-time lease.

The CHAIRMAN. You find it more economical to lease buildings in that way than it is to construct them?

Mr. KOONS. Yes, sir.

The CHAIRMAN. In the long run?

Mr. KOONS. Yes, Senator; because in a great many of the small towns we can lease a building for what it would cost for janitor service and heat and the light in a Federal building.

The CHAIRMAN. I remember very distinctly a good many years ago, when I was in the House, I advocated that principle, when a great many of the little cities around through these districts were demanding public buildings. It occurred to me it was an extravagant waste of the public money, and I finally persuaded Mr. Hitch-

cock, I think it was, to make a lease with a gentleman who was prepared to put up the building; he constructed the building, and they have been occupying it ever since. He complained afterwards that he was not getting enough, and I think they have renewed the lease at a better rental, as conditions have changed.

**Mr. Koons.** In 1912 and 1913 and 1914 there was an investigation made by a committee appointed by Congress covering that, and it was found then that in a great many cities where buildings were authorized and buildings had already been constructed, that they could rent adequate quarters and good quarters for less than the janitor service of the building.

Our only reason for asking for a term of years is an economical reason; that is all.

**The CHAIRMAN.** Making a better contract.

**Mr. Koons.** Making a better contract; that is all. And, as the service is growing so, we have to make contracts for larger buildings, and it necessarily involves larger rentals than we have ever had to pay before.

On page 13, at the bottom, is a provision we have recommended to the House committee, beginning with line 25:

The Postmaster General may, under such rules and regulations as he shall prescribe, deliver special-delivery matter without demanding receipt therefor.

The reason for that is there is a law at this time that requires a receipt for each piece of special-delivery matter we deliver, and if a special-delivery letter comes addressed to your house and they attempt that delivery and if they can not deliver it it then becomes ordinary mail and is delivered on the next regular carrier's delivery.

**The CHAIRMAN.** That is the present rule?

**Mr. Koons.** That is the present rule; yes, sir; and that is the law.

If a letter came addressed to you to your house after the last carrier delivery had left, a special-delivery messenger takes it. Of course, a special-delivery messenger would take it out first anyhow. If there is no one home, or no one answers the bell, and it is impossible to make delivery—and the same would be true at your office if your office were closed—then the letter goes back to the post office, and if the last carrier delivery has left for the day, the letter is not delivered until the following morning on the first delivery. The messenger leaves a notice under the door that there is a special-delivery letter, and he has attempted to deliver it, but was unable to deliver it, because there was no response to the door, or whatever the cause may be, and when you come home and find that, then you have got to go to the post office to secure the letter.

Now, under such circumstances, where the letter can be delivered in a safe place, either under the door or in a slot in the door, or mail box, as there are now on a great many houses, he could deliver the letter and when you came home you would find the letter there.

Now, the idea of special delivery is for speedy delivery after it reaches the office of destination. That can not be given at the present time, where there is no response to the door or to the bell, or the office door is closed. Now, if we could deliver those letters under such circumstances without taking a receipt for them and make a record that the letter was delivered by messenger and the manner in which it was delivered, without a receipt, for the reason there

was no response at the door, it would be far more satisfactory to the party.

The CHAIRMAN. There was some objection offered to this, or some other special-delivery matter in reference to receipt; somebody was complaining that this provision—I may be mistaken as to the provision—but the bill Senator Nelson introduced providing no receipt should be taken, and I think I submitted that to your department and received an answer, but I will have to look that up, because I am not clear as to just the particular case.

Mr. KOONS. It is not our intention to abolish the receipt when possible to secure it, because we want to take a receipt wherever it is possible, but it is only where it delays the letter, and it could be delivered without delay without taking a receipt that we want to do it.

Now, this was discussed at a business conference we had with a number of business men at the department last April. We had 75 postmasters in, and a large number of business men, and they all urged it, and urged it be done as soon as possible. I brought an amendment up to the bill to Senator Bankhead; at that time the bill was pending, but it was too late to get it on last year, and I think it would improve the service, especially the mercantile service, as much as anything else could.

The CHAIRMAN. I will look up that case.

Senator PHIPPS. Well, is there not one use that the special delivery stamp is put to, or one object in using it, that may be affected by changing the present rule, and that is the matter of insuring delivery? That is to say, the person will resort to a special delivery stamp as a matter of convenience rather than registering the letter where the object is not so much speedy delivery as a record of the delivery.

Mr. KOONS. Why, Senator, we would have the same record of delivery, practically, under this system that we have under the other, because now a maid or a servant or clerks or any person can sign for a special delivery; they sign your name by their name. Now, if it were delivered at the house or office without taking a receipt, the messenger's card would show, or the slip that went out with the letter that he delivered it at your house at a certain hour, or a certain time, how he delivered it, and that he did not obtain receipt because there was no response at the door. It would show the letter was actually delivered as addressed, as now.

Senator PHIPPS. That is, as far as the special delivery messenger is concerned?

Mr. KOONS. Yes.

Senator PHIPPS. But does not that open the way for those who desire to be dishonest to make away with special-delivery letters by the statement that they had failed to elicit a response at the door, and had pushed the letter under the door, or put it in a letter box?

Mr. KOONS. I do not think it would open up any greater opportunity—that is, for the messenger, you evidently have in mind—to embezzle a letter; there would be no greater opportunity than there is to-day, because there is nothing to prevent a messenger taking a letter out and signing himself the name of the person addressed to by John Jones, servant, or something of that kind. Now, he would

have to turn in his slip for this letter the same as he did before. He would have to show that he delivered that letter without obtaining a signature for it. Now, as soon as two or three losses showed up on him, it would be a clear indication that he was stealing the letters, and I think it would be but a very short time until we could discover that, if a messenger attempted it.

Senator PHIPPS. Well, I wanted to call your attention to that in considering this thing.

Mr. KOONS. We have discussed that, but I think we can safeguard the mail just as well under this system as under the present system. Of course, if it was found it was not practical to do this, we could discontinue it, perhaps. All we are asking for is the authority.

That is all I have.

Senator PHIPPS. Reverting, for a moment, to the question of railway transportation under this advance in compensation by the Interstate Commerce Commission ruling, I notice an increase in the estimate here of about \$375,000 over last year. Is that going to be further increased by reason of this Interstate Commerce Commission ruling?

Mr. KOONS. The second assistant is here, and he can explain that to you.

Senator PHIPPS. That is a very small amount, it seems to me, if there is any increase awarded.

Mr. KOONS. Yes. Is that all?

The CHAIRMAN. That is all now, Mr. Koons, unless there may be some questions, and if so we will call you later.

#### STATEMENT OF OTTO PRAEGER, SECOND ASSISTANT POSTMASTER GENERAL.

The CHAIRMAN. Mr. Praeger, I noticed you testified before the House committee at great length on this aerial mail service proposition, and of course we have that before us. I would like to have you condense your testimony on this subject as much as you can consistent with the presentation of the facts which the committee ought to know, because we are very anxious to get through with the bill, and at the same time we want to know about this particular item which has elicited a great deal of discussion and interest.

Now, the House, as you know, failed to provide for any appropriation for continuing the air mail service.

Mr. PRAEGER. Yes, sir.

The CHAIRMAN. I want to ask you some questions to begin with which I think you can answer briefly, and then you can proceed with any other discussions which to you may seem best, but having in mind, as I said, the fact that we want it condensed as much as possible.

How many of these mail routes do you now have in existence?

Mr. PRAEGER. Right now, there are two routes; one between Washington and New York and the other between New York and Chicago. Accumulation of equipment and personnel, and preparation for operation is going on for the extension of the route from Chicago to Omaha and from St. Louis to Minneapolis and St. Paul. The routes to-day in actual operation are Washington to New York and New York to Chicago.

The CHAIRMAN. What is the length of the Washington route?

Mr. PRAEGER. It is now 200 miles even.

The CHAIRMAN. And the one from New York to Chicago?

Mr. PRAEGER. Is 725 miles.

The CHAIRMAN. Do you serve any cities en route between New York and Chicago?

Mr. PRAEGER. The city of Cleveland, and incidentally Bellefonte, Pa., which, however, is a small amount of mail and the only reason mail is taken on and put off there is that planes frequently stop to gas up, or change planes or pilots. The main mail stop is Cleveland.

The CHAIRMAN. Have you experimented on any other routes than those two?

Mr. PRAEGER. So far, none; except we have flown a route, or rather a reconnaissance to locate landing fields and the character of the country and the possibility of finding emergency landings between Chicago and Omaha. We flew a round trip.

The CHAIRMAN. You have not tried to establish any between Washington or New York and Atlanta, or anywhere in the South?

Mr. PRAEGER. No, sir; we have not extended from Washington south; only from here to New York.

The CHAIRMAN. Your appropriation last year was \$875,000.

Mr. PRAEGER. \$850,500.

The CHAIRMAN. Was it your understanding that you were simply to install the two routes when that appropriation was made?

Mr. PRAEGER. No, sir; I gathered that what the Senate did, or what the committee did, in making the recommendation, was to be sure to give us enough money to, in their judgment, cover the routes from here to New York and New York to Chicago.

The CHAIRMAN. You think that was your understanding when you went before the committee last year, that those were the two routes to be selected?

Mr. PRAEGER. I got it that way.

The CHAIRMAN. You did not think at that time there was appropriation for more than those two?

Mr. PRAEGER. No, Senator; we could not tell until we had gotten into the actual operating cost and could see whether we were going to have money to extend. The plan was to operate a line from New York to Chicago, and then if we could, extend to either Minneapolis or St. Louis or Omaha. I assume the idea was we could use the entire amount of the appropriation in that way.

The CHAIRMAN. How much of that appropriation did you use last year?

Mr. PRAEGER. Of the \$850,500?

The CHAIRMAN. Yes.

Mr. PRAEGER. Well, that appropriation still has until June 30 to run. We have used \$189,600, and have \$317,145 of standing purchasing agents' orders.

Senator PHIPPS. Half a million dollars in round figures.

Mr. PRAEGER. Yes; \$189,600 and \$317,145; \$506,000.

The CHAIRMAN. \$506,745 you have expended in seven months? That is up to date?

Mr. PRAEGER. That is up to December 31.

The CHAIRMAN. Up to December 31—six months?

Mr. PRAEGER. Yes.

The CHAIRMAN. Well, you have expended \$506,745 in six months. That would leave you something over \$300,000 for the balance of the six months.

Mr. PRAEGER. About \$350,000.

Senator PHIPPS. Your expenditures include the cost of airplanes purchased?

Mr. PRAEGER. That includes the purchase of original planes.

The CHAIRMAN. Will the balance of \$349,000 be sufficient to carry this experiment through for the balance of the year to June 30?

Mr. PRAEGER. I am satisfied we can run it to June 30 with the money we have available.

The CHAIRMAN. How many airplanes have you in actual service?

Mr. PRAEGER. Including reserve planes?

The CHAIRMAN. Yes.

Mr. PRAEGER. We fly every day eight planes in the air, and we have a reserve that varies from three to four ships for each plane in the air, making approximately about 40 planes in serviceable condition.

The CHAIRMAN. Where did you obtain these planes?

Mr. PRAEGER. The Army has turned over to us 50-odd De Havillands; the Navy has turned over to us 37.

The CHAIRMAN. What were those 37? What kind of planes?

Mr. PRAEGER. These planes are what we call De Haviland 4s. In addition to that we bought during the first 15 months of our operations—that brings it up to the end of the fiscal year, June 30 last year—we bought 7 standard planes at \$13,000 each and three Curtiss planes at \$12,000 each. Now, then, since that time we have let bids and made orders for 14 multimotor planes, twin motor and triple motor.

The CHAIRMAN. At what price?

Mr. PRAEGER. The order for 6 Martins are at \$31,600. The order for 4 Thomas-Morse planes are for \$26,500, and the order for 4 L. W. F. triple-motor planes are for \$35,000 apiece. Since that time we have, by agreement with the contractors, modified the order with the L. W. F. Manufacturing Co. to convert 15 De Havillands into twin-motor planes in lieu of 3 of these \$35,000 planes. After the order had been given the Post Office Department developed the twin De Haviland, and it was found a more economical plane to operate, because there are millions of dollars worth of de Haviland parts from overseas and that have never been sent overseas, of which probably three-quarters of a million or half a million dollars' worth have been turned over to the Post Office Department by the War and Navy Departments.

The CHAIRMAN. Parts, you mean?

Mr. PRAEGER. Parts, I mean: so if you have a crash or wreck of a twin De Haviland, you can supply the wings out of the stock on hand that we have salvaged, or the running gear or propellers.

Now, those are our purchases of planes since the service started on May 15, 1918.

The CHAIRMAN. You found the De Haviland 4s were not suited for the mail service?

Mr. PRAEGER. We found that, and then we called in the Curtiss Co. engineers, the L. W. F. engineers, and Standard Aircraft Corporation engineers, and they worked out a design strong enough

for commercial work, with the result that we were able to make the single De Haviland as strong, perhaps, as any motor plane can be made. It is as strong as any plane can be built; it has been reinforced with steel channeling throughout.

The CHAIRMAN. Does that make a cheaper machine than these high-priced ones you have been purchasing?

Mr. PRAEGER. It does this, Senator: We took a de Haviland 4, single-motor machine—yes; the single-motor machine becomes a cheaper machine than you can go in the market and purchase. The de Haviland single-motor machine with a 12-cylinder, 400-horse-power Liberty engine is being converted into a twin-motor plane, as follows: We take the 12-cylinder Liberty motor and that is converted into 2 six-cylinder Liberties, using practically all of the parts of the 12-cylinder except the aluminum crank case and the shafts. Then they simply strengthen the plane and put a center section or wing in and around the fuselage and strengthen that up, and put those two motors in with one pilot, and with those two motors in the wing we can carry 800 pounds of mail in the De Haviland 4s, against 400 pounds with the single Liberty. We doubled the mail-carrying capacity, and the number of pilots is the same. It is the cheapest and most economical load carrier we have so far.

The CHAIRMAN. And it carries your mail in sufficient quantity to satisfy your needs down there, does it?

Mr. PRAEGER. It will, on the greater part of the runs. We will always have to carry about 1,500 pounds between New York and Chicago to meet the needs, but it will cost a little more to operate two twin De Havilands carrying 1,600 pounds than to operate one large Martin plane carrying 1,500 pounds.

The CHAIRMAN. How did you happen to buy the Martin plane and those other planes that are now not so satisfactory as the De Haviland reconstructed?

Mr. PRAEGER. They are satisfactory; they are as fine a plane as can be purchased anywhere in the world, but they are not economical in operation for us in our work, in cash, out of pocket expenditure, as the twin De Haviland is, because we have the parts. At the time the contract was let for those Martins, we had not yet developed the transformation of the single motor De Haviland into a twin motor De Haviland.

The CHAIRMAN. You were experimenting with it at the time you purchased the Martin machines?

Mr. PRAEGER. No, sir; those two Martins were purchased in July; the twin De Haviland was created in the fall of the year.

The CHAIRMAN. Last year, 1919?

Mr. PRAEGER. Yes, sir; the beginning of this last fiscal year, and we developed this twin motor some time in the fall. We were discouraged in attempting that by the assurance, continued assurance, that it would be impossible to do any more with the old De Haviland than what we had already done with it, but finally we got some aeronautical authorities to take it up with us, but finally we developed a twin De Haviland. I understand that the Army is going to put in an order for some twin De Havilands, and make the changes we have made. The machine stands the test.

The CHAIRMAN. What are you going to do with the Martins?

**Mr. PRAEGER.** We are going to operate them with 1,500 pounds of mail between New York and Chicago. The same way with the Thomas-Morse. The Thomas-Morse will operate between New York and Chicago with 1,500 pounds of mail. The idea of the twin De Haviland is to operate on a route like New York to Atlanta, if Congress will authorize money for that extension, or between Chicago and Minneapolis and St. Paul, and Chicago and St. Louis, and possibly to Kansas City, that is, if there is money authorized for that purpose.

**The CHAIRMAN.** Do you have a factory, or whatever you call it, for constructing machines?

**Mr. PRAEGER.** No, sir.

**The CHAIRMAN.** Where did you develop these planes that you are speaking of?

**Mr. PRAEGER.** Well, we have on the staff of the Post Office Department one of the highest class aeronautical engineers in the country, Dr. Klemin, professor of aerodynamics at Boston Tech, and we have the assistance and cooperation of Commander Hunsacker, of the Navy Department, and Col. Clark, of the Army, at the Dayton Field, and with that assistance and cooperation we make our developments.

Unlike the Army and Navy, we do not lay down specifications in detail and say we have designed this ship along these lines, and you must bid on these specifications. We tell them we want such and such results, such factors as safety of landing, such arrangement for the mail, and such arrangement for the engines, and they work out the details and submit the plans, blue prints, and specifications, and all of that; so we get the benefit of the engineering departments of the different factories. That is how we get our development.

**The CHAIRMAN.** Well, this consulting board of yours, or advising board, is composed of Army and Navy officers now?

**Mr. PRAEGER.** Well, we have not a regularly authorized board. We have a paid consulting aeronautical and aerodynamic engineer there—Dr. Klemin—and we call in Commander Hunsacker and Col. Clark, or any of the other Army engineers or aeronautical engineers to come and sit in with us and discuss our needs and our plans.

**The CHAIRMAN.** Have you any idea how much has been expended in this experimental work of perfecting machines? That is, taken out of this appropriation?

**Mr. PRAEGER.** Yes; we have expended \$2,200 for the first experimental De Haviland 4, to strengthen it as a single-motor plane. Of course, we have that plane for that. Then, we called for bids, and the bidding in quantity in lots of 12 each, I think it was, was at the rate of \$1,462. That was the lowest bid. But our experimental work, I think, for the first of those machines, cost us \$2,200 and some odd.

The experimental work on changing over a single motor De Haviland, constructing it into a twin, has cost us \$18,000. They can be obtained in quantities and in production scale at about \$7,000 a plane—the changed plane.

Our total expenditure for everything on planes in experimentation has not exceeded \$20,000.

**The CHAIRMAN.** Per plane?

Mr. PRAEGER. No; that is all the money we have paid for experimenting of all kinds.

The CHAIRMAN. That is what I wanted to know.

Mr. PRAEGER. We have attempted to do no building ourselves. All we do is to repair the planes. We have the material to put in new ribs and new canvas, and we will take a plane down and build it up from the bottom, but we never attempt to build new planes.

The CHAIRMAN. How many of these De Havilands has the Government to work upon now?

Mr. PRAEGER. I do not know how many De Havilands the Government has, but we have, as I say, 37 just recently turned over to us by the Navy, and 60-odd by the Army so far. There are about 32 or 33 more De Havilands to come to us from the Army out of an original allotment of 100 machines made by the Secretary of War to us.

Senator STERLING. You may have stated it, Mr. Praeger, but what kind of machines do you use in the service?

Mr. PRAEGER. We are using, between New York and Chicago, De Haviland 4s, and between Washington and New York we are using the Curtiss planes. The idea of the different type on a different route is not to have mixed equipment over one route, on account of the repairs. When the armistice came, and when the Army turned the air mail over to us, they turned over to us some Curtiss R-4s and some Curtiss JN-4s, and we are using Curtiss between here and New York and De Havilands between New York and Chicago until the bigger planes are put in shape to operate. We should have been ready, Mr. Chairman, to fly with the bigger planes before this, but the manufacturers have been delayed in their output. The manufacturers have had to send to England to get wheels for them. During the war our factories were making carburetors and making separate parts for the planes, but they have ceased making them, and the manufacturers are having a great deal of trouble in getting the parts. The Martin Co. told me they have to contract with 37 different manufacturers over the country to get all the parts they need to put into their Martin planes, besides what they manufacture themselves.

The CHAIRMAN. Are all the parts of the De Havilands made here in the United States?

Mr. PRAEGER. Yes, sir; they were, but there are some few parts that are not now obtainable; they are accessories that you need on the instrument boards and on your engines; some of them are not now in stock, except what the Army has in its warehouses and what we have in our warehouse. I believe within a year the Army, as well as the Navy and ourselves, unless there is some sort of revival in the airplane-production industry, will find it difficult to get parts to keep our machines going.

The CHAIRMAN. What is the life of one of these De Haviland planes after it is reconstructed?

Mr. PRAEGER. The art is so new that it is a speculation now, but it is safe to figure on them for maybe three and four years as the life of a plane, unless, of course, it crashes and makes a complete wreck. I will cite this for instance: We started the service 20 months ago, and last week the planes, under the severe cold, got out of order so fast we had to take one of the small planes that we started in with about 20 months ago to fly the route, and that plane that we started

in with in May, 1918, took the mail out, and those planes and those engines are still in serviceable condition and can be put to use anywhere. There are so many parts that are interchangeable, and at the end of a year a machine may be three-fourths new by reason of replacements, and you can carry it on almost indefinitely—very much like a truck.

The CHAIRMAN. Have you reconstructed the Curtiss plane in any way?

Mr. PRAEGER. No; we have not. We have asked the Curtiss people whether they should take the large Liberty motor Curtiss plane and make it a twin motor plane, and they told us that early in the war they had attempted something like that, but it was not satisfactory; it did not balance right, and they have discouraged us in making those changes. The reason we are so anxious for the twin motor is that we find the twin De Haviland not only holding the altitude on long stretches but you can actually climb and go on up on one motor. You can lose one-half of your motor power and continue on to your destination.

Senator PHIPPS. What is the horsepower of those engines?

Mr. PRAEGER. In our twin machine?

Senator PHIPPS. Yes.

Mr. PRAEGER. It is a Liberty 400 divided in two 200 Liberties, but by reason of special carburetion which we have on them, we get 220 horsepower out of each of those engines.

The CHAIRMAN. Is the service with a Curtiss between here and New York?

Mr. PRAEGER. Yes.

The CHAIRMAN. It would not do between here and Chicago, or between New York and Chicago?

Mr. PRAEGER. Oh, yes; it would. The only difference between the Curtiss and the De Haviland is the Curtiss we had originally constructed is a much stronger machine than the average De Haviland was. It is only a little slower; it is probably 10 miles an hour slower than the De Haviland, but here is the point: We have so much of the De Haviland material turned over to us that we have salvaged, we have a warehouse full of parts that we can draw on at any time. For the Curtiss we have not that salvaged material, and we would have to continually buy and expend cash money for parts.

The CHAIRMAN. How many men have you in your employ to operate these machines?

Mr. PRAEGER. Our own service the number averages 140 men. Some months, under some conditions, that number may go up a little, and some months it may come down, but 140 men, and that includes our departmental force, overhead, air force at the big warehouse, and all of the field forces. Our pilots number usually about 21; sometimes 22, and sometimes below 20, but 21 is our average force of pilots.

The CHAIRMAN. You operate 8 planes, I understand?

Mr. PRAEGER. Keep 8 planes in the air a day.

The CHAIRMAN. And you have 21 of these pilots? Where do you get them?

Mr. PRAEGER. Why, the very first pilots, when we took the service over in August, 1918, while the war was still in progress, we got

from civilian life; they were instructors who had been instructing the Army officers at Camp Kelly and Love Field, and at other Army fields. About that time the Army decided to release these civilian instructors and take the commissioned officers for instructing, so these men were thrown out of employment, and their periods of service with the Army ended. We employed about eight of those men, and that was our start. Then, when the armistice came, very many of the pilots who had been across, very many of them who had been in this country and had not gotten across, applied for the airmail service; they wanted to stay in the flying game, so we have always had a waiting list of between 200 and 300 pilots, over and above vacancies. They came so fast, Senator, that we put a limit of 500 flying hours. That is, we could pick the men with the greatest experience, so we would consider no one who had less than 500 hours' of actual flying experience, and with that we had a long waiting list.

The CHAIRMAN. Do you maintain a school of instruction?

Mr. PRAEGER. No; we have, at our principal fields, what is known as a dual-control ship, where the pilot sits in the rear, and the applicant will sit in front, and when pilots come to us, even though they are old experienced men, if they have not been in a plane in four weeks to six weeks, we make them go through the whole rigamarole of flying under the care of this instructor. With the dual controls, the man in the front may operate and take off under the protection of the instructor, and the instructor can operate it, if necessary, and every man that comes to us who has not been in the air for several weeks, we give them a couple of hop-offs and a couple of landings to give them the "feel" of the ship.

Senator STERLING. What do you pay the pilot?

Mr. PRAEGER. A pilot comes to us at \$2,000 a year. Automatically, for each 30 hours of satisfactory flying, he gets a promotion at the rate of \$200 per year up to \$2,800. Then, not automatically, but for merit, he goes up to \$3,600, and we promote every man who has been with us and has been flying successfully up to the \$2,800 grade—we promote them to the \$3,600 grade, that is \$800 a month.

The CHAIRMAN. How many men go with the machines carrying the mail?

Mr. PRAEGER. Merely one pilot; and on the ground we try, as far as we can, to hold the force down to two mechanics and a helper to keep the machine in flying condition.

The CHAIRMAN. Those two at each station where you stop, you mean?

Mr. PRAEGER. Yes.

The CHAIRMAN. So that there is only one pilot in the machine?

Mr. PRAEGER. Yes.

The CHAIRMAN. No other men with the mail, or anything of that kind?

Mr. PRAEGER. No; the plane has two cockpits; the front cockpit has been built to take care of the mail and the rear cockpit is occupied by the pilot. He takes the oath and is sworn in, he gives a bond, and he has his instructions what to do any time he is in trouble; he calls on the nearest postmaster who has jurisdiction over mails, and the postmaster then takes charge. If the man can not continue, the postmaster takes charge of the mail and sends it on.

**The CHAIRMAN.** With what regularity does this mail go?

**Mr. PRAEGER.** We have, for the 20 months, a performance of better than 90 per cent. We probably lose out approximately 10 per cent of the time. The mail starts as near schedule as possible every morning. At the last minute, something may happen, and there may be a delay of 20 or 30 minutes getting in the air. We have set for them an 80-mile schedule, but there may be a head wind that will delay the mail getting into the destination, or a tail wind that will expedite it getting through. We operate six days in a week, and we have been making a shade better than 90 per cent on our performance.

**Senator STERLING.** And one trip daily between here and New York?

**Mr. PRAEGER.** Yes, sir; one round trip.

**Senator STERLING.** And one trip daily from New York to Chicago?

**Mr. PRAEGER.** Yes, sir.

**Senator STERLING.** How many pounds of mail do you carry, on an average?

**Mr. PRAEGER.** The limit is 400 pounds. I believe the average will be about 375. Sometimes the mail is light and they do not get but about 350, and then up to 390 and up to 400, but 375 pounds a day is an average.

**Senator PHIPPS.** That is, speaking of the Curtiss machines?

**Mr. PRAEGER.** Well, either the Curtiss or the De Haviland. The De Haviland limit is 400, but the Curtiss is 450.

**Senator PHIPPS.** The larger machines you have, you double that carrying capacity?

**Mr. PRAEGER.** More than that; about 1,500 pounds.

**Senator STERLING.** That is all letter mail, I suppose?

**Mr. PRAEGER.** That is all letter mail of the kind that is worked en route on the trains to facilitate its delivery at the post office.

**Senator PHIPPS.** There is some time and expense involved there, necessary first to send it to the flying field where your airplane goes out?

**Mr. PRAEGER.** Yes, sir.

**Senator PHIPPS.** There is some time and expense involved there. First, I would like to ask you about what you would estimate the saving of your time is on the this short trip to Washington as against the service by train?

**Mr. PRAEGER.** We have been able, on an average, to start out of New York—our field is across the river, at Newark, where we get the tube service—we start on an average out of New York at 8.40 in the morning and arrive here at 11.15 in the forenoon. That enables us to get the mail to the Washington City post office for delivery on the 12.20 carrier delivery. If we are held up and lose an hour on the way down, by temporary interruption by forced landing or a headwind, we make the 1.30 delivery all over the city, residence and business. The train leaving New York at 8.08 in the morning is due in Washington at 1.45. It misses all except the last business delivery down town.

The route, as a mail proposition, between New York and Washington, is not ideal, or a proper mail route, for the reason we are not taking on that route New York mail. We are handling the midnight New England and Boston mail on that route. That mail, leaving

Boston at or around midnight, being the late night collection from Boston to New York reaches New York City approximately at 7.50; part of it gets to New York between 6 and 7 and part of it at 7.50. That mail must be transferred from the Grand Central Station to the Pennsylvania Terminal Station by trucks, and there it catches this 8.08 train. Then, that train must come to Washington and be on time in order to make the carrier delivery, as it did in the past, when they held the carriers for that train.

It has been impossible to make the transfer at New York, because the Boston-New York train would frequently be late, and the New York-Washington train would be frequently late, and it has been impossible to meet that carrier schedule in Washington with the midnight Boston mail more than 74 per cent of the time on the railroads. They fail about 26 per cent of the time. The immediate effect of not taking New York City mail, by taking that New England mail, was the elimination of between 50 and 60 per cent of the complaints from New England about their mail service to the effect that mailing a letter at 10 o'clock at night in Boston it would not get to Washington until the second day thereafter, and that was occasioned by this failure to make connection in New York City. The air mail service has eliminated that, and that is the only justification for operating between here and New York at all.

Senator PHIPPS. Well, as between New York and Chicago, you have a better field?

Mr. PRAEGER. A much better field. The longer the distance the better the chance of your rendering a service.

Senator PHIPPS. What will the saving in time between New York and Chicago amount to as against the train service?

Mr. PRAEGER. Our planes all have a speed of 110 to 115 miles. Some of the new planes will have a speed of over 122 miles. But we try to hold them down to a schedule of 80 miles an hour. On that schedule, we operate in nine hours—that is, you can leave New York at 5 o'clock in the morning and be in Chicago at 1 o'clock, Chicago time, gaining an hour. It would be approximately, 1 o'clock, or 1.30 in the afternoon, in Chicago. The mail is being worked every night in the New York City post office, and it goes out in the morning on the plane.

Senator PHIPPS. Do I understand your airplane leaves so early in the morning, about 5 o'clock, from New York?

Mr. PRAEGER. That is the summer schedule, about 5. On a very dark morning they may hold it about 30 minutes, or so, to let the air clear up. The winter schedule now is between 6 and 6.30.

Senator PHIPPS. That enables you to make delivery in Chicago the same afternoon?

Mr. PRAEGER. The same afternoon.

Senator PHIPPS. As against that, what would be the best possible train service? You would not get delivery until the following day, would you?

Mr. PRAEGER. The train leaves New York at 5.15 and arrives in Chicago at 8. That is, the last chance you have to get Chicago delivery the next day from New York is to have your mail in the New York City post office in time to get it on the 5.15 train.

**Senator PHIPPS.** On the same route, now, going to Chicago, you handle some Cleveland mail, or do you handle that in a separate machine?

**Mr. PRAEGER.** No; we handle it for Cleveland from New York, and the same way from Cleveland to Chicago; we carry to Chicago some of the Cleveland mail, and in the reverse direction from Chicago to Cleveland.

**Senator STERLING.** It is a continuous fly from New York to Chicago, or how many stops?

**Mr. PRAEGER.** On single-motor planes that we have been operating, the first stop is at Bellefonte, Pa., a distance of 208 miles. When we operated out of Belmont Park it was a distance of 215 miles. The next stop is Cleveland, 215 miles from Bellefonte. At each of these points, we shift the mail from one plane to the other, and also change pilots, and then from Cleveland to Chicago, 325 miles, or 320 miles, is one nonstop flight. We have an intermediary field at Bryan, Ohio, with a watchman to gas up a plane in the event that the man flying from Cleveland to Chicago finds a head wind so strong his gas supply will not last him to get through.

**Senator STERLING.** How is it between here and New York?

**Mr. PRAEGER.** That is a nonstop flight, straight flight through, ordinarily about two and a half hours' run.

**Senator DIAL.** How about the regularity of that schedule?

**Mr. PRAEGER.** We have less than 10 per cent of failures to deliver. Our record is about—I think it is 92.4 or 92.6. It is better than 90 per cent.

**The CHAIRMAN.** Do you pick up mail at Bellefonte and Cleveland?

**Mr. PRAEGER.** Bellfonte is a small place; it is a state agricultural town; university town in central Pennsylvania, and they may have one pouch or one small pouch; it is really an accommodation, but the planes must now stop there in order to change the mail from one plane to the other, and so they take the mail along and take it to the postmaster and he gives them another from Bellefonte.

**The CHAIRMAN.** And you take on considerable mail at Cleveland?

**Mr. PRAEGER.** Oh, yes; we change there, take one or two good pouches of letter mail for Chicago.

**The CHAIRMAN.** And you do the same coming back?

**Mr. PRAEGER.** Yes, sir; take it off of the train at Cleveland also westbound.

**Senator DIAL.** As to the revenue derived, you are handling only first-class mail matter?

**Mr. PRAEGER.** Yes.

**Senator DIAL.** About how much will that average per pound?

**Mr. PRAEGER.** Senator, let me get back to this carrying of mail and make it a little clearer.

**Senator DIAL.** Very well.

**Mr. PRAEGER.** With the 400-pound De Haviland plane we do this: We take the mail from New York City and carry it to Cleveland. That mail is for Chicago, and some of it for Chicago gateway, where we can make quicker connection than by railroad.

At Cleveland we take this Chicago gateway mail and put it on a passenger train that gets into Chicago at 8.20 in the evening.

Then, we take, at Cleveland, the mail that has left New York going west at 5 o'clock in the evening, or from the 5 o'clock New York train,

which would not get into Chicago until after the carriers' delivery had closed for that day, and take it off of that train at Cleveland and carry that 400 pounds of mail into Chicago in time for delivery that afternoon. We are usually at Grant Park about 1 o'clock, or something like that, so what we really expedite the greatest is the mail we take off of the New York train leaving New York at 5 o'clock, that we take off at Cleveland to-morrow morning, or this morning, and deliver it at 1 o'clock at Chicago this afternoon, whereas, if that mail had stayed on the train it would have reached Chicago around 4 o'clock, or too late for any of the carriers' deliveries, except a few night deliveries.

The CHAIRMAN. You thereby delay the mail going directly from New York to Chicago?

Mr. PRAEGER. No; we advance it. If that mail had stayed on the train it would not have gotten into Chicago until approximately midnight, and some of it 8 o'clock in the morning.

The CHAIRMAN. I understand that, but I understood you to say that you took from the plane certain mail that was loaded at New York for Chicago; you would take that off at Cleveland and send it on by train?

Mr. PRAEGER. Yes; and by putting it on the train at Cleveland we put that into Chicago at 8 o'clock at night instead of from midnight until 8 o'clock in the morning if it had continued from New York on through by train.

The CHAIRMAN. Yes; but I am talking now about the mail you put on your airplane from New York to Chicago?

Mr. PRAEGER. Oh, our New York to Chicago mail—that is, we carry a pouch of any preferred mail on through to Chicago, but we are advancing from 8 o'clock the next morning, or midnight, to 8 o'clock in the afternoon the late mail by putting it on the train at Cleveland. We put it on a train at Cleveland that gets to Chicago at 8 o'clock in the evening, and if we had not taken it out of New York on the airplane it would not get there until 8 o'clock in the morning. The main value of that service there is to make the connections at Chicago. The main value of taking the mail on at Cleveland and putting it into Chicago is that you can effect the delivery this afternoon of 400 pounds of letters.

Senator PHIPPS. I see that very clearly. Will you distinguish a little more clearly between the Chicago city mail and the Chicago gateway mail? I think that will clear it up. I think I understand it.

Mr. PRAEGER. May I ask Mr. Egge? He has charge of this mail routing.

The CHAIRMAN. Yes. I would like to clear up this other thing, though, in my own mind, before you leave that. Let me see if I understand you correctly. You load your plane with Chicago mail at New York. When you get to Cleveland you take it off and put it on the train?

Mr. PRAEGER. Yes.

The CHAIRMAN. And pick up some mail at Cleveland going to Chicago and carry that through in place of the mail you put on at New York?

Mr. PRAEGER. Yes.

The CHAIRMAN. By so doing you delay the New York mail you had on over what the time would have been if you had carried it right on through to Chicago?

Senator STERLING. But not delayed it over the railroad time.

The CHAIRMAN. Over the railroad time?

Senator STERLING. You get it there earlier than you would by railroad time.

Mr. EGGE. May I explain that?

The CHAIRMAN. I would be very glad to have it cleared up.

Mr. EGGE. The mail that leaves New York in the morning, perhaps one pouch is for Chicago, and the balance of the mail is all for the Western States, via the Chicago gateway, for trains leaving Chicago between 9 and 10 o'clock at night. By taking the mail in the airplane over to Cleveland and arriving there before noon, we overtake the train that left New York the night before at 8 o'clock, and that train is due in Chicago at 8 o'clock in the evening and makes all these western connections. We do not delay it to put it off at Cleveland; we advance it. The mail for the Pacific Coast States is advanced 24 hours.

The CHAIRMAN. He said nothing about Pacific coast; I supposed it was all mail that was due in Chicago.

Mr. PRAEGER. I meant Chicago gateway, and that covered the West.

Mr. EGGE. The Chicago city part itself we keep on the plane; we do not put on the train mail for Chicago. We keep that on the plane and take it right on into Chicago. It is only the connection mail that is changed.

The CHAIRMAN. It would not be advanced if you left it on the train, because it would wait for the evening trains?

Mr. EGGE. It would wait for the evening trains.

Senator PHIPPS. But you take the local Cleveland mail for Chicago?

Mr. EGGE. Yes, sir; and for the short connections out of Chicago to Wisconsin and Illinois and near-by connections, on the afternoon trains. We take that mail off at Cleveland at 8.20 in the morning and take it into Chicago in time for the early afternoon connections—the close connections—and the Chicago city mail.

The CHAIRMAN. Do you understand that gateway proposition now?

Senator PHIPPS. Well, I thought I understood it, but I was afraid you did not.

The CHAIRMAN. I understand it now.

Now, did you want to ask anything further, Senator?

Senator PHIPPS. Well, I was going to get into the cost of the service.

The CHAIRMAN. Very well. I was going to develop that, but I would be glad to have you do it.

Senator PHIPPS. I would be glad to learn what elements of cost of carrying on this service enter into your calculations.

Mr. PRAEGER. I can take here the four routes I have given—

The CHAIRMAN. Just before you proceed with that, let me ask you one question in connection with the other matter. What per cent of first-class mail between Chicago and New York do you carry on your plane?

Mr. PRAEGER. Between New York and Chicago it is a very small per cent, considerably less than 5 per cent of all that is carried.

That figure is in our program submitted to the House committee. It would not affect more than .5 per cent between New York and Chicago, which is a very heavy route. We carry less than 5 per cent; perhaps 2 or 3 per cent.

The CHAIRMAN. What class of the first class do you take out and put on your plane?

Mr. PRAEGER. We take the mail that is straight ordinary letter mail that is worked on the trains and give it to carriers or connections at the termini.

Senator STERLING. Is it not all first-class mail, all the mail you carry; sealed-letter mail?

Mr. PRAEGER. That is all that we carry. There are special registered mail pouches on the train, but we take ordinarily the straight commercial mail.

The CHAIRMAN. You do not carry registered mail?

Mr. PRAEGER. We do not pick it out. Sometimes registered mail is in the locked vouchers undistinguishable from the other mail. We call for the regular business mail. Mr. Egge tells me the instructions are to give mail specially addressed by aeroplane preference.

Senator STERLING. Is there much of the mail so specially addressed, Mr. Praeger.

Mr. PRAEGER. No. In Chicago there are a number of trust companies and business men that send the mail out to the field and mark it specially for aeroplane so as to insure its going by plane.

The CHAIRMAN. Your charges now are the regular rates?

Mr. PRAEGER. They are the regular rates.

The CHAIRMAN. Two cents?

Mr. PRAEGER. Yes; because we are not going to run a specialized service, we seek simply to expedite the mail by supplementing the service of the mail trains.

The CHAIRMAN. What reason have you for believing that the less than 5 per cent which you expedite is as a whole more important than the 95 per cent which is not expedited?

Mr. PRAEGER. Well, take the mail coming in from New York to Washington, it is Boston mail. We take all of that mail and it is important that that mail be brought in here for delivery this afternoon instead of letting it go over to the next day. Take between Cleveland and Chicago, we take all of the mail out of a 60-foot working car between Cleveland and Chicago that was worked between those two points for delivery to carriers, and we make that delivery this afternoon in Chicago at 1 o'clock. We take all the mail. We do not pick out any special sacks, but we take all of the ordinary first-class letter mail that a special car was designed to work en route.

The CHAIRMAN. Do you contemplate finally developing this service so as to carry all this mail?

Mr. PRAEGER. It can not be done. The aeroplane, as far as any living man can now say, can never compete economically with any other general mode of transportation. It can always compete for certain highly developed traffic. The aeroplane to-day can carry a revenue load of only about 25 per cent of the weight of the machine. You must furnish motive power to a delicate machine for three-fourths of the deadweight of the machine; the other fourth is your revenue load. The greatest advance and the nearest approach to

economical conditions have been made in the planes that the Thomas-Morse people are building for us, which are the most advanced planes in the world, I should say. They take over 33 per cent of their entire load as a revenue load. You take a railroad car that will weigh 20,000 pounds and it will carry 40,000 pounds. The proportion of a revenue load you can carry expensively by aeroplane is so very small. Therefore, it will never serve a purpose except for very special merchandise or communications.

**The CHAIRMAN.** You are charging the same rate that the railroads charge for hauling the mail and, according to your judgment, as a rule it is rather an indiscriminate selection of first-class mail that you put aboard your plane, except you say from New England—I can not see why there should be any special reason that should apply to this mail that should make it reach Washington, for instance, quicker than by rail that would not apply to other mail. What special reason exists with reference to the New England mail that you should get it into Washington earlier than other mail?

**Mr. PRAEGER.** We do not get it in earlier than we get other mail. The mail that is put on the trains in the regular course of transportation from New England to Washington is taken off at New York and that entire lot is placed on this plane, about 12,000 to 13,000 letters perhaps. We have capacity for 14,000, 15,000, or 16,000 letters. All of that mail is brought into Washington so that it can be delivered this afternoon instead of to-morrow morning, or catch only the last delivery.

Between Chicago and Cleveland, for instance, we have taken all the mail that could be advanced from a 60-foot car and are carrying it between the points, and we do not need the car. We relinquish the car. It is no special part of the mail that is taken, but it is a train run of mail; it is the mail that is worked on the train that you can bring into a city and deliver to the people quicker than if it had stayed on the train.

**The CHAIRMAN.** But you never expect to deliver all the mail that way.

**Mr. PRAEGER.** It would be too costly a proposition.

**The CHAIRMAN.** You say it would be too costly a proposition. I think you made a claim in the report of the Postmaster General that this has been a profitable venture that we have engaged in here?

**Mr. PRAEGER.** Yes, sir.

**The CHAIRMAN.** If it could be made profitable with one-fifth of the mail why could it not be made profitable with all the first class mail?

**Mr. PRAEGER.** Because, Senator, only a relatively small part of the first-class mail of the postal system is carried and worked on trains. A large part is worked in the post office and sealed in a sack and thrown into a baggage or storage car, and in a 60-foot car, of course, you can put your 800 or 900 sacks of mail. In a 60-foot working car you have a very limited amount of that space available for your sacks of mail because it is nearly all taken up by your racks and there is only a small amount of mail that is actually carried and worked in a 60-foot working car as compared with a 60-foot storage car. That is why that class of mail is so expensive to carry, whereas if it was worked in a city post office and thrown into a 60-foot

storage car, in which for the same amount of money you can carry your 800 or 900 sacks of mail, the cost is much cheaper and you can never compete with that with an aeroplane.

The CHAIRMAN. What proportion of the mail that is worked in these cars do you carry in your planes?

Mr. PRAEGER. As I say, probably about—it is a good deal less than 5 per cent; probably 2 per cent.

The CHAIRMAN. Of the mail that is actually worked in the mail car on the train?

Mr. PRAEGER. Oh, of a specific car like from New York to Washington, with the New England mail, we take all of that.

The CHAIRMAN. My idea was if you knew about what proportion of all the mail. You make your case on the proposition that you are doing away with the mail car to some extent.

Mr. PRAEGER. We work all the mail in those cars that makes it necessary to employ that car.

Senator STERLING. That is, in other words, all the mail that is worked on the cars you carry, is that the idea?

Mr. PRAEGER. All the mail for which that car was installed. Take, for instance, you may not have more than 10,000 letters here advanced between Cleveland and Chicago, but we have got time to work incidentally some mail for the West. That might as well be worked at a post office, but we are working it on the train because we have the time. But the car was installed there, we will say, to advance 10 bags of letter mail to make certain connections. Now, we carry all of that mail that is in that car that made it necessary to install that car.

Senator PHIPPS. Well, briefly, your car starts with New York mail of a certain class and is distributed en route. At the time it gets to Cleveland that mail has been assorted so it can be taken off by your aeroplane and moved on to Chicago. It is ready for distribution when it gets there, and the car is turned over for different use at Cleveland instead of going on to Chicago with this same bunch of mail; is that correct?

Mr. PRAEGER. No; that is not exactly the way it works. Take it from Chicago going back east to Cleveland, the mail is put on a train bound for New York. When that train gets to Cleveland we will take off from that train the mail that has to be worked from Cleveland east. It may be between Chicago and Cleveland they are working Illinois mail and Ohio mail and a few points east, but they are not working the mail for New England, etc., but we catch that mail at Cleveland, carry it into New York, and deliver it in New York about 1.30 this afternoon. There it is worked out and goes out on the 5 or 6 o'clock trains to New England and the South, and we cut off 30 feet of a 60-foot car there. We don't utilize that. We make that saving.

The CHAIRMAN. Do you know about how many cars there are in the United States that work mail?

Mr. PRAEGER. I will ask these railway people. About 6,000, they say.

The CHAIRMAN. What proportion of those cars do you expect to dispense with by this aerial service?

Mr. PRAEGER. Under the program that we have in mind?

The CHAIRMAN. Yes.

Mr. PRAEGER. It is inconceivable that we would cut out over 20 or 25 of those cars.

The CHAIRMAN. That is why I was trying to get at the percentage but I did not make myself very clear.

Mr. PRAEGER. Yes; it is very negligible; it is very small.

The CHAIRMAN. Senator Phipps, if you want to develop that cost proposition now go on.

Senator PHIPPS. Mr. Praeger, I think the committee would be interested in learning how you keep trace of the cost of the aeroplane service and what elements enter into it.

Mr. PRAEGER. I worked it out on the basis of 13 different items. First of all there is overhead. Overhead includes a proportion of my salary, the salary of those who are on other rolls and who are working on the aeroplane work; it includes the salary of the superintendents, chiefs of flying, and all of the clerks; it includes the salary or maintenance of a general warehouse for all the routes which can not be charged very well to one route; it includes the telegraph and long-distance tolls, the travel expense, the incidental and emergencies, with the general supervision. That overhead is about 5.3 cents a mile.

Then the second item that enters into it is the rent, the light, the heat, the phone, and the water at each of the fields. That is about 0.3 of 1 cent a mile.

Then there are trucks and motor cycles and trailers that must always be kept available at a field in case of a forced landing and that is 0.1 cent a mile. Then there is interest on the investment in the planes and in the field equipment at 6 per cent.

Senator PHIPPS. You figure that at 6 per cent?

Mr. PRAEGER. At 6 per cent.

Senator PHIPPS. Incidentally there, in acquiring your planes to begin with many of them you got from the Army Department and the Navy Department. Were those purchases or gifts?

Mr. PRAEGER. They were gifts. All those we got from coordinate branches of the Government were straight-out gifts without charge or making a transfer of accounts or funds, and the Army furnished us with the cost price of, say, a De Haviland plane without engine, the cost price of the Liberty engine and different engines, and then they have given us the detailed cost price of each individual part from a clevis pin up to a wing. If it was not for that we could not figure up our replacements each month and what it cost for repairs.

Senator PHIPPS. In figuring your interest amounts, do you put the valuation of these machines that were gifts to the Department in that account?

Mr. PRAEGER. Oh, yes.

The CHAIRMAN. This interest on investment in planes, fields, etc., you said was how much?

Mr. PRAEGER. That is at 6 per cent.

Senator PHIPPS. Of course, you had something like 100 planes given you but you are not using them all at one time. You only figured the interest on the planes that you have in service?

Mr. PRAEGER. Only on the planes that are actually flying. Now I have taken depreciation at the rate of 33½ per cent.

The CHAIRMAN. This includes interest on the investment in the planes which you actually use.

Mr. PRAEGER. Are using, and also interest on the tools and equipment on the landing fields.

The CHAIRMAN. But not on the planes—

Mr. PRAEGER. Not on the reserve planes. For instance, we have in the warehouse 50 planes. They did not cost us anything and we are simply salvaging and holding them in storage. When we take them out and put them in the service we check them up as though purchased. Depreciation of 33½ per cent is on the planes, of course, in service and not in reserve.

Then we have the next item, the field forces. That is your manager of the field, your superintendent of the division, your stock clerks, your mechanics and the helpers. That field force is reckoned at 13.8 cents a mile.

The CHAIRMAN: That embraces all the employees engaged in the air service.

Mr. PRAEGER. Well, I will not say that. In the fields that have to do with the operation of the line and the maintenance and upkeep of the plane, but not the flying, because the next item is the pilots. They cost us 8.6 cents a mile.

The next item is gasoline. Last year it has not cost us that, but this year on a twin-motor ship the gasoline will cost us 22.5 cents per mile. Heretofore, we have had to pay 28 to 30 cents, rarely 30 cents a gallon for high-test aviation gas. Now the lowest of it is 33 cents.

Senator STERLING. I thought you said 22 cents.

Mr. PRAEGER. That is a gallon. The per mile cost is 22½ cents. We take the actual mileage and the cost, then we allow 10 per cent on top of that for evaporation and waste.

Then oil is a smaller item. That costs us 2.4 cents a mile.

Now replacements. Our experience with replacements, taking the value of the parts that the Army has given us and taking the Army's valuation and the cost of the parts where we had to buy them, it runs around 20 per cent of the cost of a machine to furnish the replacements for it. The aeroplane manufacturers, those who have figured on running routes themselves, have accepted that as their basis for calculating replacements. That would make replacements 6.7 cents a mile.

Now our wireless is 3.1 cents a mile.

The CHAIRMAN. Wireless is how much?

Mr. PRAEGER. Three and one-tenth cents a mile. That includes, as I recall it now, an estimate of 25 per cent depreciation of that wireless equipment and the cost of upkeep of the current and the men.

Then we have at every field items like hardware, screws and miscellaneous things, lumber and stuff. That item costs 1.6 cents a mile.

There are so many unforeseen things that I have bulked a general unforeseen emergency account to take care of forced landings or unusual expenditures, unforeseen expenditures due to weather conditions, accidents and other cracks, of \$1,000 per plane per month. That is just general contingencies. That amounts to 11.3 cents per mile. That brings the total up to 90 cents a mile, and that is for a twin-motor plane.

Now, our experience on a single-motor plane carrying 400 pounds, in the past, has been this: For overhead—and overhead bulks your general departmental salaries, your rent, lights, truck upkeep, wireless, and all that—the overhead is 17 cents. The actual flying cost of pilots, gas, and oil, those items that enter into the actual moving of the plane, 19 cents, and the maintenance 26 cents, making a total of 62 cents per mile.

The CHAIRMAN. That is on what kind of a plane?

Mr. PRAEGER. That is on the De Haviland or Curtiss single-motor *Liberty*, carrying 400 pounds of mail.

Senator STERLING. That is to be added to the 90 cents?

Mr. PRAEGER. No; the 90 cents is for a twin-motor plane carrying 1,500 pounds of mail.

I will say I have submitted these estimates to men who have been on flying fields, and to manufacturers, and to authorities in aviation, and they agree that on that 90 cents we are well safe within what it will cost; that is, that it should not cost more than 90 cents. Preliminary runs indicate about 76 cents a mile as the cost of this service. Running over a long time, you may have three or four crashes that will cost you extra money. I am satisfied 90 cents will be a fair and conservative figure.

Senator PHIPPS. I suggest that these figures be entered in the record.

The CHAIRMAN. They will be. I take it the reporter has taken them down.

Senator PHIPPS. The table is the thing I am interested in. Of course, he has stated them; but I think the explanation will be more enlightening to the committee if we have the table.

Mr. PRAEGER. If the committee would like, I have here, first, a list of five routes that were originally submitted, showing the cost of each; then I have a list of three routes and the amount of money it would take if Congress decided to continue those three routes next year instead of authorizing additional extensions. On that, I have this analyzed, the 17 cents, 30 cents, and 43 cents for overhead, etc. I have the four big routes we want to establish split up into thirteen items for cost and upkeep, New York-San Francisco, New York-Atlanta, Pittsburgh-Kansas City, Twin Cities—Minneapolis and St. Paul-St. Louis via Chicago.

Then I have the general summary, showing the number of letters handled, amount mail advanced in each case, and reduction in rail transportation if this is put in. If the committee desires that as information I will give it.

The CHAIRMAN. I would be glad to have that put in.

(The statement referred to is here printed in full as follows:)

MEMORANDUM REGARDING ITEM FOR AIR MAIL IN POST OFFICE APPROPRIATION ESTIMATES.

The item in this estimate for air mail service is \$3,000,000. Its purpose is to inaugurate and maintain during the fiscal year ending June 30, 1921, the following service:

|   |             |
|---|-------------|
| Extend New York-Chicago route west to Pacific coast at cash operating cost of         | \$1,043,363 |
| Extend New York-Washington route from Washington to Atlanta at cash operating cost of | 461,929     |

Establish and operate a route from Pittsburgh, Pa., to Kansas City, Mo., at cash operating cost of ----- \$461,929  
 Maintain operation of the line from St. Paul and Minneapolis via Chicago to St. Louis at cash operating cost of ----- 282,452  
 Purchasing necessary additional equipment and laying out landing fields where needed for the proposed extensions ----- 1,070,500

The appropriation that will be required simply to continue after June 30, 1920, the operation of the air mail service, not providing for any extension, will be as follows:

|   |           |
|---|-----------|
| New York to Omaha, 1,150 miles-----   | \$575,920 |
| New York to Washington, 200 miles-----  | 120,000   |
| Twin Cities to St. Louis, 600 miles-----  | 282,452   |
| Rebuilding 20 salvaged war De Haviland planes and engines, and field improvements ----- | 233,028   |
|   | 1,211,400 |

This cost of operating the air mail service is at the rate of 90 cents per mile of operation, divided as follows: Overhead, 17 cents; flying, 30 cents; maintenance, 43 cents.

The following is an itemized account of the cost and operation of the service with the extensions proposed:

|   | 8 fields,<br>1,500,000<br>miles, 14<br>planes in<br>air, New<br>York and<br>San<br>Francisco. | 4 fields,<br>563,400<br>miles, 6<br>planes in<br>air, New<br>York and<br>Atlanta. | 4 fields,<br>563,400<br>miles, 6<br>planes in<br>air, Pitts-<br>burgh and<br>Kansas<br>City. | 2 fields,<br>400,000<br>miles, 4<br>planes in<br>air, Twin<br>Cities,<br>Chicago to<br>St. Louis. | Total, 18<br>fields<br>3,026,900<br>miles, 30<br>planes in<br>air. |
|---|---|---|--|---|--|
| General overhead, at 4 cents per mile.....  | \$60,000  | \$22,536  | \$22,536   | \$16,000  | \$121,072  |
| Rent, light, heat, phone, and water.....  | 4,512   | 1,692   | 1,692  | 1,128   | 9,024  |
| Field trucks and upkeep.....  | 2,600   | 975   | 975  | 450   | 5,000  |
| 6 percent interest on planes and equipment.....   | 66,000  | 32,800  | 32,800   | 7,400   | 139,000  |
| Depreciation on planes, 33 $\frac{1}{3}$ per cent and<br>on improvements at 10 per cent.....                                    | 146,966   | 73,333  | 73,333   | 18,668  | 312,000  |
| Field forces at various fields.....   | 192,700   | 96,348  | 96,348   | 48,174  | 433,570  |
| Pilots and plane crews.....   | 128,000   | 70,500  | 70,500   | 36,000  | 305,000  |
| Gasoline, at 30 cents per gallon.....   | 304,689   | 120,070   | 120,070  | 87,000  | 631,829  |
| Lubricating oil, at 60 cents per gallon.....  | 36,562  | 14,408  | 14,408   | 14,000  | 79,378   |
| Replacement of plane parts.....   | 70,000  | 30,000  | 30,000   | 15,000  | 145,000  |
| Miscellaneous field expenses.....   | 28,800  | 14,400  | 14,400   | 7,200   | 64,800   |
| Wireless maintenance and upkeep.....  | 47,500  | 19,000  | 19,000   | 9,500   | 95,000   |
| Emergencies, forced landings, etc., at \$1,000<br>per plane in use per month.....   | 168,000   | 72,000  | 72,000   | 48,000  | 360,000  |
| Total.....  | 1,256,029   | 568,062   | 568,062  | 308,520   | 2,700,673  |
| Less depreciation and interest.....   | 212,666   | 106,133   | 106,133  | 26,068  | 451,000  |
| Cash appropriation for operations.....  | 1,043,363   | 461,929   | 461,929  | 282,452   | 2,249,673  |
| Equipment by purchase.....  | 56,000  | 28,000  | 28,000   | 28,000  | 140,000  |
| Twin motor, Martin type.....  | 500,000   | 180,500   | 180,500  | -----   | 680,500  |
| Rebuild 20 De Havilands into twins.....   | -----   | 125,000   | 125,000  | -----   | 250,000  |
| Less operation cost for 4 months over all<br>new extensions, pending preparation of<br>fields and acquisition of equipment..... | -----   | -----   | -----  | -----   | 3,320,173  |
| Net cash to be expended during the<br>year.....   | -----   | -----   | -----  | -----   | 310,000  |
|   | -----   | -----   | -----  | -----   | 3,010,173  |

The total number of letters carried under the plan of the proposed extensions, involving a cash annual operating expense of \$2,249,673, would be 382,680,000 letters per year, with advances of the mail of about 16 hours in the Middle West, 30 to 36 hours in the intermountain country, and 48 hours on the Pacific coast. This mail movement has been worked out in detail by the field supervisorys of the Railway Mail Service, and is summarized in the following table:

*Extensions and new service.*

| Route.   | Rail miles. | Air miles. | Rail time. | Air time. | Number of letters. | Mail advanced.  | Reduction rail transportation. |
|--|-------------|------------|------------|-----------|--------------------|---|--------------------------------|
| New York and San Francisco.<br>(Cost, air mail, \$1,043,363.)          | 3,231       | 2,630      | 90.30      | 59.00     | 146,000,000        | Pacific coast, 48 hours; Chicago to Utah, from 12 to 36 hours.  | \$1,222,803                    |
| New York and Atlanta.<br>(Cost, air mail, \$461,929.)                  | 884         | 850        | 26.15      | 10.40     | 75,120,000         | Maryland, Virginia, North Carolina, South Carolina, Georgia, Alabama, and Florida, from 12 to 24 hours. | 331,894                        |
| Portland and Kansas City.<br>(Cost, air mail, \$461,929.)              | 903         | 850        | 24.50      | 10.40     | 87,640,000         | Kentucky, Tennessee, Missouri, Kansas, and Southwest States, 12 to 24 hours.                            | 486,081                        |
| Twin Cities and St. Louis via Chicago.<br>(Cost, air mail, \$282,452.) | 703         | 600        | 20.35      | 7.30      | 73,920,000         | Between Northwest and Southwest, one business day; from Chicago, 16 hours in delivery.                  | 261,608                        |
|  |             |            |            |           |                    |   | 2,302,386                      |

|                                    |             |
|------------------------------------|-------------|
| Operating cost of air service----- | \$2,249,673 |
| Reduction rail transportation----- | \$2,302,386 |
| Number letters all routes-----     | 382,680,000 |
| Postage on letters carried-----    | \$7,653,600 |

*Appropriation required to continue, after June 30, 1920, only present service.*

| Route.   | Rail miles. | Air miles. | Rail time. | Air time. | Number of letters. | Mail advanced.  | Reduction rail transportation. |
|--|-------------|------------|------------|-----------|--------------------|---|--------------------------------|
| New York and Omaha.<br>(Cost, air mail, \$575,920.)                    | 1,456       | 1,160      | 37.45      | 14.30     | 81,380,000         | Chicago delivery, 16 hours; Middle West, 12 to 24 hours.  | \$811,430                      |
| New York and Washington.<br>(Cost, air mail, \$120,000.)               | 226         | 200        | 5.00       | 2.30      | 37,560,000         | Washington delivery from New England and New York City, 16 hours; New York City from South, 16 hours. | 162,611                        |
| Twin Cities and St. Louis via Chicago.<br>(Cost, air mail, \$282,452.) | 703         | 600        | 20.35      | 7.30      | 73,920,000         | Between Northwest and Southwest, one business day; from Chicago, 16 hours in delivery.                | 261,608                        |
|  |             |            |            |           |                    |   | 1,235,649                      |

|                                    |             |
|------------------------------------|-------------|
| Operating cost of air service----- | \$978,372   |
| Reduction rail transportation----- | \$1,235,649 |
| Number letters all routes-----     | 192,860,000 |
| Postage on letters carried-----    | \$3,857,200 |

During the fiscal year ended June 30, 1919, the air mail covered 160,066 miles, carrying 230,251 pounds of letters, at a cost of \$166,402.52. The revenue from the sale of aeroplane postage stamps was \$194,631.50. The foregoing cost of operations included 33½ per cent depreciation, 20 per cent for replacement of parts, and 6 per cent interest on investment. Out of a possible 1,435 trips, only 48 were not attempted. The service scored a performance of 96.54 per cent during the fiscal year.

Since July 1, 1919, the Mail Air Service attempted, up to December 1, 860 trips out of a possible 886. It carried 518,502 pounds of mail. Its record of performance has been 94.88 per cent.

Out of the appropriation for the current fiscal year of \$850,500, the department has expended to December 1, including all outstanding obligations and

unpaid accounts, \$539,053, leaving available for purely operating purposes, \$311,447, which is ample to continue the service to the end of the present fiscal year. This expenditure of \$539,053 includes the purchase of certain larger planes for the Chicago service, the equipping of landing fields, and the salvaging and applying to the postal use of a large quantity of surplus war material which the Government would have had to sacrifice at a few cents on the dollar, or in the end would have proven unsuitable for military aviation needs.

With the \$3,000,000 recommended in this estimate, the department can make a tremendous expedition in the dispatch of first-class mail, not only to the cities between which the aeroplane service operates, but practically all other cities having direct rail connection with the cities served by the air mail.

Senator PHIPPS. That gives you your estimated basis of cost per mile, and you have gone a step further so as to show what that would mean for any particular route?

Mr. PRAEGER. That is there.

Senator PHIPPS. That gives the particular route, what the operation would cost, and, against that, have you made any comparison of the revenue to be derived?

Mr. PRAEGER. The letter postage at 2 cents. I am not figuring on any revenue, but simply showing what train service we can annul by reason of this route. We give the number of letters carried in the course of the year. Those letters cost 2 cents. You might just as well carry them on the train as on the aeroplane. Therefore, I am not figuring that in as revenue, but simply showing what we can save on each route in the way of mail distribution on the trains. That is given in there also.

Senator STERLING. Do you recall now what the saving is, Mr. Praeger?

Mr. PRAEGER. Yes, sir. Take our present route New York to Washington, the cost of the service would be \$120,000. The saving in car space and distribution is \$162,000.

The cost of the service extended to Omaha—just the one line New York to Omaha—should be \$575,920.

The saving on car space and clerical hire would be \$811,430.

The cost of the route up and down the Mississippi River from Twin Cities, St. Paul and Minneapolis, to St. Louis by the way of Chicago would cost us \$282,452, but the saving would be only \$261,608.

As a group there is a saving there of \$1,235,649 against an average cost of \$978,372.

Now, that would be the cost of operation in the event that Congress decided to continue for another year the service which will be in operation as it finds it on June 30. Of course, the appropriation should add to that an allowance of \$200,000 or \$300,000 for field equipment and replacements as the cracks take place.

Senator STERLING. Has your attention been called, Mr. Praeger, to an aerial mail service between Key West and Cuba?

Mr. PRAEGER. Yes. May I explain in detail what our policy has been?

The CHAIRMAN. Certainly.

Mr. PRAEGER. We have simply endeavored to develop the service to the point to encourage private capital to organize these lines and to run the mail in connection with any passenger or express business that they may have. Then we are willing to turn loose, if we can get these people started. And in order to do that we would like the bill amended, if it can be, on page 14, line 13, by the insertion of the

words "or aeroplane" after where it says "for inland transportation by railroad routes." That would enable us to make contracts just the same as we do by steamboats or star routes by aeroplanes wherever we can get the service which will warrant it.

The CHAIRMAN. Will you submit a written amendment?

Mr. PRAEGER. I shall. The other amendment then would be bearing on what you have asked about Habana and Key West. The other amendment should be on page 17, line 22, of the House act; after the words "foreign mails" it should read, "by steamship or otherwise."

The law says that the Postmaster General shall pay for foreign mails carried by steamship. Provided that he can obtain expedition in the delivery of the mails, he may also authorize same to be paid out of this appropriation by sailing vessels. Now, we asked the controller whether the limitation on that is not to require the Postmaster General to send it the most expeditious way and, therefore, steam-boats were specified and sailing vessels put in as contingencies—if we could not, therefore carry it by aeroplane. He said, "No; the law constantly reads 'steamships and sailing vessels,' and you can not send it any other way."

During the war between the powers, before the United States entered into it, when the submarine *Deutschland* came to Baltimore, the proposition was put up to send mails by the *Deutschland*. It was planned to take small films, like moving-picture films, of a lot of letters, address them to the Red Cross in Germany, and then let them distribute them. They would be messages from home to the people over there. But that would have been barred, sending them by submarine, if the controller had held the same viewpoint. There are ships that operate by motor—not many of them—but using the Diesel engines, and we do not send mail by them. I think it should be left open so the department can avail itself of any type of ship.

The CHAIRMAN. You do not propose to increase the appropriation?

Mr. PRAEGER. No; we would not send by aeroplane mail to Habana unless we could do it as cheaply, or approximately as cheaply, as we can by steamship. We have a very excessive steamship rate from Key West to Habana by reason of the monopoly down there. Of course, we would consider the advance of the mail and perhaps make a contract for a little more than the steamship, but we would not dissipate the fund just simply to run the thing by air mail. If the Congress gives us authority to make contracts at the ordinary railroad rates, I know the Postmaster General will not sanction air mail routes in which the saving on the trains can not pay or substantially pay for the routes.

Now, on the matter of appropriation I trust the Senate can insert a provision giving us an appropriation for an extension of the service next year; and I trust it will be \$3,000,000; and that, unlike the provision that appeared in the House bill, it will be a separate provision. In the House provision it says for operation by railroad routes we will pay \$60,000,000, of which amount the Postmaster General may use \$850,000 for operation of air mail.

Our recommendation to them was but \$3,000,000, and I will tell you gentlemen why. The New bill, the Curry bill, all bills for a

united air service, provide that that new service shall start off to carry the mails, to do the Army work, to do the Navy work, out of the appropriations and with the machines and equipment assigned to the Post Office, War and Navy Departments. If you give us the \$3,000,000 and the united service goes through authorized to handle the air mail, it has got this \$3,000,000 which you will appropriate as a separate item to go on with as soon as they take the service over, because the New bill provides that just as soon as they organize they shall take over our personnel, equipment, etc.

The CHAIRMAN. You mean the proposed bill?

Mr. PRAEGER. Yes; the proposed bill now under consideration in the Senate. You see, if you make this to read out of this railway appropriation of \$60,000,000 the Postmaster General might use not exceeding so much for aeroplanes you are not going to be able to convey any of that to the united air service when they organize and want to operate mail. This is a specific appropriation of \$60,000,000 for railroad transportation, but it permits the Postmaster General to use a certain small portion of it to operate air mail; whereas if you write in a separate item and say \$3,000,000 for carrying the air mail under the New bill or under the Curry bill, the minute the united air service organizes they are authorized to take over from the Post Office Department this \$3,000,000 or the unexpended balance of it, take over the landing fields, etc.; and then, to the extent that you give us a separate item, you help the united air service when they take charge.

If you give the Army nothing, the Navy nothing, and us nothing for the next fiscal year, the new air service when it starts out would not have any appropriation ready at hand to operate on but would have to wait until Congress gave them a separate appropriation. But the bills provide that they may take over this money that you provide. Now, if you put it in a separate item it would be without question they could take it over. If you merge it into the railroad pay there may be a question whether you can take any out of that \$60,000,000, because the Postmaster General might not use more than \$100,000 of it for aeroplanes.

The CHAIRMAN. Are you favoring this united air-service bill?

Mr. PRAEGER. I have always believed this, Senator: The industry is in this condition, that there must be some help given to it in a legitimate way, not by subsidy, not by wild, big production contracts, but there ought to be a reasonable appropriation for the Navy or for the Army or for whatever governmental flying activity there is. Then there ought to be a united air service, or a central air service that will have control over these appropriations, that will do the buying in a way that will keep the industry alive. The trouble with the industry, as the manufacturers tell me, is not that I do not get but \$300,000 worth of business or \$800,000 worth of business, but it comes in a lump and in bulk, and then for eight months they remain idle. If you are going to give the Glenn-Martin people or the Curtiss people a million-dollar contract, buy \$1,000,000 worth of ships from them on bidding, they would rather have that spread over so they can keep their office and their plant organization going the year through instead of running full tilt under pressure in the spring and closing down from July until next spring again.

**The CHAIRMAN.** Do you believe it would be better business, more economical, to have a central department of the Government which will have to do with the purchase and control of all the money expended by the Government for aeroplanes?

**Mr. PRAEGER.** I think as far as the Army and the Navy are concerned, or wherever there are any big purchases running up into millions, it is more economical to operate that way. I think the hope and salvation of the aircraft industry in the future is to have one central body that will spread its purchases so as to keep the industry on its feet.

And as to the operation, and whether there should be one central military force, that is a military problem on which a layman is not qualified to pass judgment without having studied it or having the facts before him. I do not think the united air service—I know they can not; there is no need of mincing words on it—I know they can not run it any cheaper than we can run it, but there is not going to be very much saving by taking our overhead. I do not think I have 12 men in our overhead for a service running 8 planes a day covering 2,000 miles in the air a day. I know we have a warehouse in which we have stored nearly \$3,000,000 worth of salvaged aeroplane parts, bodies, etc., given to us by the Army and Navy to get them out of the fields and to get rid of them, and turn them over to us, and we run that warehouse with a force of six men, and we have about \$3,000,000 worth of property. I know there are fields under military control in this country that will have 600 men with a less accumulation of stuff than we have.

The whole military handling of business is different. They approach it from a different viewpoint than any business man would approach it. Their training is different, their needs are different than those in commercial life. They have men to spare, they have them by the year, they are enlisted for a term of years, and they throw them anywhere.

**Senator STERLING.** And as a consequence there is more or less loss and waste?

**Mr. PRAEGER.** Yes.

**The CHAIRMAN.** Do you think the Post Office Department, for instance, for its uses and purposes should be continued as a separate purchasing or constructing department and not included in the provision for a general air service?

**Mr. PRAEGER.** Senator, we have discussed that in a conference this morning. We ask only one thing, and I think that the gentlemen who are pressing for united air service are in accord with that idea now, and we trust that they will make a modification in these united air service bills to this extent: The air mail would go under the united air service, be under their control and jurisdiction all the time, but when they give us men and material and fields, while they control them, we control the operation. The whole life of our transportation service is running schedules and no living human being is so much interested in them and will make the sacrifices to keep the schedules running on time as the postal administration. You can not get that from anybody except a contractor whom you can reach with a disciplinary fine, or hold on his bond.

I think we are all agreed on the matter of a united air service. They will say you need 50 planes, we will give you 50 planes; you

need so many mechanics, you are authorized to have so many pilots, but while they are assigned to you they must be under your jurisdiction to run your route and keep your schedule. I think we have all reached a conclusion on that. I know the friends of the air service have discussed it with some of the Senators who are strongly behind it, and I think there will be some general agreement along those lines.

Senator PHIPPS. Mr. Praeger, were you heard by the House Committee on the same project?

Mr. PRAEGER. Neither by the Senate or the House Committees on this subject of the united air service.

Senator PHIPPS. I am referring more particularly to your request for \$3,000,000 appropriation.

Mr. PRAEGER. Oh, yes; the hearing was very extended on that.

The CHAIRMAN. They granted you nothing?

Mr. PRAEGER. The committee recommended \$850,500, then they could not get a rule for the item, and when it got on the floor someone made a point of order saying this had never come in under the rule and this was year by year legislation, it is new legislation and not established service, and it was ruled out on a point of order.

The CHAIRMAN. Are you advocating the continuance of this air service on the theory that it is to be a permanent and practical part of the Post Office Department?

Mr. PRAEGER. It is without question, Senator.

The CHAIRMAN. How much do you anticipate enlarging it?

Mr. PRAEGER. I believe that within 6, 8, or 10 years the service will be extended to all large cities—perhaps 60, 70, or 100 cities. Unless there is a change in the construction of the aeroplane that ought to be its limit on economical grounds. There is nothing in flying across the Colorado Canyon with a dozen bags of mail for a few little hamlets scattered out there. That is going to cost you more than the stage route costs, because in that country you can make that trip in a day and against a stage route maybe three or four days—the star route—and that probably costs you more than the star route to make that saving. There is not importance enough in the mail that goes into those communities as compared with shortening the time between New York and Chicago, or between New York and San Francisco. There are so many more people benefited by a route between two great centers than would be benefited by shortening the time to an isolated community. You carry the benefits for the cost of the service to a greater number of people.

The CHAIRMAN. Is there anything hopeful in the desire of these people along this route, for instance, from New York to Boston, that the time will soon come when you can land at all the smaller places and serve them with the mail and pick up mail there?

Mr. PRAEGER. It is not yet. There is nothing in sight that would warrant that, because wherever you stop, the way an aeroplane is built now, you take a chance that one of the delicate valves will warp; you take the chance of a crack at landing. You have to have wherever you stop to land mail a field force. It is only a small one, but you have to have a field force in service there and possibly a reserve ship. The fewer landings you have to make the better service you will render and the better chance of your success. As long as a plane comes down out of the sky like a bat and hits the ground at 40 to 50 miles an hour you are in danger of having a crack. There may be

some revolutionary changes that will enable the plane to settle down like a bird anywhere, and when you do that you have a better chance of making more frequent landings. In the meantime we are at work on a plan to drop the mail by parachute, and the engineers all over the country are at work on the complimentary movement to have the mail raised so you can pick it up in flight. That is still, however, a difficult problem.

Senator PHIPPS. I was going to ask you if you had not rather demonstrate the feasibility of dropping the mail?

Mr. PRAEGER. Yes; you can get a one-way service on that.

Senator PHIPPS. But the other is still in the future.

Mr. PRAEGER. Yes; they are at work on that. I trust whatever you gentlemen do—because I am satisfied the united air service is coming and the law is such they will take over our money and fields, and so forth—that you will carry this as a separate item, not as a part of another appropriation, so that the whole thing can be transferred to the new service when it does go into effect.

The CHAIRMAN. You received \$850,000 this year?

Mr. PRAEGER. Yes, sir.

The CHAIRMAN. And you want \$3,000,000?

Mr. PRAEGER. Yes, sir; to operate a route through to San Francisco and to operate another route from Kansas City to Pittsburgh and back and to extend the route from New York to Washington down to Atlanta so that we can catch the Southern and the Gulf State connections, and to continue the service.

The CHAIRMAN. You have made your estimates in the table you have submitted here?

Mr. PRAEGER. I have made the estimates in the table submitted of the extended service on a \$3,000,000 basis. And then the estimate of what it would cost to continue the service as it will be in existence on June 30th, this year, at the end of this fiscal year—to continue that service.

The CHAIRMAN. The present service?

Mr. PRAEGER. Yes; a little more than the present service, because we will be running to Omaha by spring.

Senator DIAL. From here to Atlanta is about 700 miles. Would it be your idea to have some intermediate stop?

Mr. PRAEGER. It is 650 miles from here to Atlanta. Flying it with a twin De Haviland you would have one intermediate stop for complete interchange of mail and you would have one or two more refuges or emergency fields in case you came down for temporary repairs or gas or oil.

Senator STERLING. Have you contemplated, Mr. Praeger, contracting for all of this rather than allowing it to be operated by the Government?

Mr. PRAEGER. Senator, I do not think there is anybody in the Post Office Department who wants to sit down there and operate an air-mail service for 48 or 50 different States. This is a most complex and most nerve-racking thing. Train dispatching is nothing in comparison to it. And, as I state, we have all decided on this policy. All we want to do is to help develop, pioneer, put it where the manufacturers in this country will do as the Handley-Paige or the Bristol people are doing in England, organize auxiliary

companies to run express and passenger services. Then make with them contracts under bond to carry mail as we make them with power-boat and steamboat companies, and that is going to be the greatest incentive to commercial aviation. When you get one or two companies with their mail contracts and whatever passenger or express business they may carry they will be able to pay out.

The CHAIRMAN. Your theory is that this demonstration by the Post Office Department for a few years is necessary for the development of the art?

Mr. PRAEGER. It is; yes, sir.

The CHAIRMAN. It can not be obtained in any other way?

Mr. PRAEGER. It will not be obtained because individual concerns—financiers will not put up their money to back individual concerns in this pioneering work, in this leap in the dark; they don't know how it is going to pay or what will become of their investments.

When we started nobody was flying in rain or fog. We succeeded in establishing that you can run a daily, dependable service; we established just how many reserve ships, how many mechanics it would take to keep one ship in the air day in and day out so you may force through a schedule. Those were unknown factors when we began. We have given all that information to whoever asks us for data on operating the lines. Then we have taken the planes and devised this Thomas-Morse—that is, we encouraged these builders to devise the plane. They came from Ithaca, N. Y., the Thomas-Morse people did, to Washington and had conferences on it, and as the result of those conferences they have bid and they have built now the first planes that will carry, as I say, more than 33 per cent revenue load. They have a plane there, 46 wing span, not larger than the ordinary training plane, that will carry three-quarters of a ton of mail. Heretofore a plane of that type would not carry over 300 to 400 pounds of mail.

We have developed the radio so that you can take your little poles 20 feet high and send your messages to New York and back instead of having 200-foot high masts—those things you could not have around a landing field—you would crash into them.

We have suggested to the Bureau of Standards the necessity of a device that will let the aviator find his field when it is all enveloped in fog. They worked on that on our field with our planes and our men and finally they have worked out a device that sends these radio signals up in the air and fans out, and a man catches that and he can spiral down to the center of his field, although he may not see his field until he gets within 50 or 75 feet of the earth. A number of things that were necessary in flying a schedule daily have come out of our work.

In addition to that we have got fixed figures of cost on that which are of value to persons going into the business. That is our contribution. We are ready at any time people will say they want to run a route from New York to Chicago to say we will advertise bids for that route. Any one of those people can underbid us, because they are going to merge the 1,500 pounds of mail on a 3,000-pound big machine with express and passengers, and they will be able to carry

it for less than we can carry it where we operate solely for the purpose of carrying the mail.

Now, to date we have had propositions up to run a route from Havana to Key West. Operators are willing to bid on that. We have propositions for running a route from St. Louis to New Orleans. People are anxious to bid on that. We have a proposition up from some concern in Detroit that wants to run a route to Toledo and Cleveland. They say it is five or six hours, I think, by boat, and one and one-half hours between those two big cities by airplanes. We have a proposition to run a route on contract in California, down in Oklahoma and Texas. Many of them, I know, are fly-by-nights, but some are real substantial propositions. Now, if we are given authority to do that we can advertise a series of practical land routes and see what it will yield. It may yield some very practical and satisfactory propositions.

Senator PHIPPS. In this memorandum you have furnished of the routes you favor of establishing during the coming year, have you indicated your preference—that is, which routes you would install first?

Mr. PRAEGER. No; I have not. I should think, offhand, that the big thing—and I say that because the Army is very anxious for us to put it through—the big thing is the transcontinental route from New York to San Francisco, because when we do that we will have kept year in and year out fields that the Army can utilize.

Senator PHIPPS. That is rather the more difficult one and at the same time one that would yield the least by way of returns, it would seem to me. You would have the weather conditions prevailing in the Rocky Mountains and the Sierra range to contend with, which are not always limited to the winter season of the year.

Senator DIAL. What is your estimated time on that route?

Mr. PRAEGER. New York to San Francisco is 59 hours elapsed time; probably 33 or 34 hours actual flying time; but there are two nights in between, and we have not yet reached the point of night flying. That time is against 90½ hours by train westbound and 102 hours by train eastbound.

The CHAIRMAN. Have you made any experiments at all in night flying?

Mr. PRAEGER. We have not. It is entirely safe and feasible if you fly within a given radius of your field, because a man knows where he can come to refuge. To do night flying, Senator, you have to have your wireless that will lead you on when all other landmarks have failed. You have got to have land beacons. We have just put in the first of our land beacons, like an electric-flash beacon on the water. You have got to have them in places for them to check up their course by. You have got to have two motors in your planes without fail, because at night with shadows, even if you do have a magnesium flash on the end of your wings, as they had in the war, you can not always land safely on account of the shadows. Therefore, you have got to have two engines or more to bring you with certainty to your nearest emergency field. We have not practiced the night flying end of it, but it is within reason. Take first your wireless to keep you safely on the course and then the certainty of staying in the air.

Senator PHIPPS. How many planes started in that transcontinental flight, do you remember? There were some 80 scheduled to go, but there was not anything like that number that actually got off.

Mr. PRAEGER. Forty-two.

The CHAIRMAN. Do you remember how many actually finished?

Mr. PRAEGER. I think something like 12 actually finished within the scheduled time. You know you can not get results out of a race like that because everybody is pounding his motor to the limit, and with ours we jitney along at a fairly safe speed of the motor, and the result is we get 100 or 120 hours before you even have to change a valve or any part of the engine at all. The Liberty motor is a perfectly reliable commercial engine but not a war engine, because it can not rise high enough to get out of the way of the guns.

The CHAIRMAN. Do you have anything in mind that you want to talk to the committee about aside from this.

Mr. PRAEGER. Some one said the committee was anxious to learn something about the matter of the pay of the clerks on the transportation roll.

The CHAIRMAN. Is that in your department?

Mr. PRAEGER. Yes.

The CHAIRMAN. I do want to know about that. I had forgotten that was under your charge. You remember last year we passed an emergency appropriation bill?

Mr. PRAEGER. Yes, sir.

The CHAIRMAN. It was my understanding, as it was that of the committee, that we were including all of the people who were employed in the Post Office Department. We afterwards learned that under the comptroller's ruling these transportation clerks, or whatever you call them, on the transportation roll were not included.

Mr. PRAEGER. Yes, sir.

The CHAIRMAN. What are the duties of those people?

Mr. PRAEGER. I will let Mr. Corrigan answer that.

Senator PHIPPS. Mr. Chairman, may I suggest for the guidance of the committee we would like to have the feeling of the department as to these proposed additional air routes as to which it considers of the most importance. If the committee did not conclude to recommend the appropriation that has been asked for it might be willing to recommend some certain appropriation and in that appropriation designate the routes on which the money should be expended.

Mr. PRAEGER. I trust you will not tie us down to specific routes. Something may come up that would make it utterly inadvisable to run the route from Washington to Atlanta. It might turn out to be more important to run the route from Washington through New York to Boston and perhaps to Springfield or to Albany. That would give us a leeway to take that 650 miles up in that direction where it is of more importance than down to Atlanta where, perhaps, it might not be so important.

I will have a letter from the Postmaster General recommending, first of all, \$3,000,000, and urging strongly these routes and then say, in our opinion, those routes are of importance in the following order. That will cover it, I think.

The CHAIRMAN. Very well.

Mr. PRAEGER. And then so much to continue the service.

**The CHAIRMAN.** What is your position, Mr. Corridon?

**STATEMENT OF MR. JAMES B. CORRIDON.**

**Mr. CORRIDON.** Superintendent of the Division of Railway Adjustments, Post Office department.

**The CHAIRMAN.** Mr. Corridon, I want very briefly to get your statement with reference to this class of employees known as Inland Transportation clerks?

**Mr. CORRIDON.** Clerks paid from the appropriation "Transportation by railroad routes," the appropriation item is so subtitled.

**The CHAIRMAN.** What are these people receiving now?

**Mr. CORRIDON.** They receive basic salaries of from \$1,000 to \$1,900 per annum.

**The CHAIRMAN.** Are there two classes of these employees?

**Mr. CORRIDON.** There is only one class of those employees on the inland roll, as we term it, inland transportation roll. Under the act of July 28, 1916, commonly known as the Space bill, the Postmaster General was authorized to rent quarters in Washington, D. C., and to employ clerical help necessary to present to the Interstate Commerce Commission properly the items comprehended by the bill, the Space Act. The inland transportation appropriation, of course, was chargeable with the salaries of these employees. When they were assigned to duty there were others on the statutory roll performing the same classes of work, and as these employees were presumably employed in a temporary capacity—to present this matter to the Interstate Commerce Commission—it was not thought advisable to recommend that the statutory roll be increased by this large number of employees until the service was stabilized as the result of the determination of the Interstate Commerce Commission of the matter of railway mail pay.

That was the authority for the employment of the clerks and they were given salaries commensurate with their duties, and it turns out that the average salary is about what is paid the clerks on the statutory roll. Previous to the passage of the last legislative bill, which granted the statutory clerks \$120 per annum bonus in addition to the former \$120, making a total of \$240, the Second Assistant Postmaster General voluntarily increased the salaries of these clerks on the inland roll \$115 per annum; that is, \$100 per annum plus the 15 per cent bonus carried in the lump-sum appropriation. We thought we had made proper provision for them. After the passage of the regular appropriation bill carrying increases for clerks on the lump-sum roll, my recollection is that the emergency act was passed providing specifically for the mail-bag repair shop and others in the field-service designation, and it finally concluded by making provision for carriers in the village-delivery service and other employees paid from lump-sum appropriation—

**The CHAIRMAN.** You are now making reference to the emergency legislation?

**Mr. CORRIDON.** Yes, sir—[continuing] receiving compensation of less than \$1,000 per annum, to be increased 20 per cent of their present compensation. We were uncertain as to the meaning of the act, and having received a letter from you on the subject making the inquiry, we referred the matter to the comptroller, and

advised you that we had done so. He decided, and I have a copy of his decision here, which I will read—

The CHAIRMAN. No; you may insert it in the record.

(The decision referred to is here printed in full as follows:)

TREASURY DEPARTMENT,  
OFFICE OF COMPTROLLER OF THE TREASURY,  
Washington, November 29, 1919.

The POSTMASTER GENERAL.

SIR: I have your letter of November 17, as follows:

“I have to submit for decision the question of whether the employees hereinafter named are entitled to benefits provided in public resolution No. 19, Sixty-sixth Congress, which provides additional compensation for certain employees in the Postal Service.

“There are about 88 clerks employed in this department by authority contained in section 5 of the act of July 28, 1916 (39 Stat., 430), with salaries ranging from \$1,000 to \$1,900 per annum plus bonuses of 10 to 15 per cent provided for in the acts of July 2, 1918 (40 Stat., 752), and February 28, 1919 (40 Stat., 1199). These clerks are assigned to work on the accounts of railroads for carrying the mails under the space-basis system authorized in section 5 of the above-mentioned act of July 28, 1916, and are being paid out of the appropriation ‘for inland transportation by railroad routes and aeroplanes, 1920 (40 Stat., 1194).’”

Section 5 of the act of July 28, 1916 (39 Stat., 430), provides, in part, as follows:

“The Postmaster General is authorized to employ such clerical and other assistance as shall be necessary to carry out the provisions of this section, \* \* \* and to pay for the same out of the appropriation for inland transportation by railroad routes \* \* \*.”

The act of February 28, 1919 (40 Stat., 1194), provides:

“For inland transportation by railroad routes and aeroplanes, \$59,625,000 \* \* \*.”

Public resolution No. 19, of November 8, 1919, provides:

“That because of the unusual conditions which now exist, the compensation provided for in the act entitled ‘An act making appropriations for the Post Office Department for the fiscal year ending June 30, 1920,’ approved February 28, 1919, the following classes of employees shall be increased as follows for such fiscal year only:

\* \* \* \* \*

“(b) Carriers in the village delivery service, and other employees paid from lump-sum appropriations, receiving compensation at the rate of less than \$1,000 per annum, to be increased 20 per cent of their present compensation.”

\* \* \* \* \*

No statutory provision has been found fixing the salaries of the employees here under consideration.

Their salaries are paid from the appropriation for “inland transportation by railroad routes and aeroplanes,” which is a lump-sum appropriation.

Therefore the employees in question come within the class of “other employees paid from lump-sum appropriation” provided for in the part quoted from public resolution No. 19, of November 8, 1919.

Since, however, the increase authorized for “other employees paid from lump-sum appropriations” is limited to those receiving less than \$1,000 per annum, and since the employees in question receive more than \$1,000 per annum, the increase does not apply to them. Accordingly, your question is answered in the negative.

Respectfully,

W. W. WARWICK, *Comptroller.*

Mr. CORRIDON. He virtually decided that no lump-sum employees were entitled to this other than those mentioned in the act, and only those receiving less than \$1,000 per annum. We considered that final.

The CHAIRMAN. How many are there of those men?

Mr. CORRIDON. There are now 79 men and women.

The CHAIRMAN. And their salary ranges from \$1,000 to \$1,900?

Mr. CORRIDON. Yes, sir.

The CHAIRMAN. That is the basic salary?

Mr. CORRIDON. That is basic.

The CHAIRMAN. And they are getting how much bonus besides?

Mr. CORRIDON. They got 15 per cent between \$1,000 and \$1,500 per annum and 10 per cent between \$1,500 and \$1,900 per annum.

The CHAIRMAN. How do their salaries compare with employees who have received this emergency benefit?

Mr. CORRIDON. Rather favorably, especially in consideration of the fact that the other employees have been in the service for several years, perhaps 15 or 20 years, and these clerks had not been in the service exceeding 3 years.

The CHAIRMAN. There are a great many in the regular service though who have not been in it 15 or 20 years who got the benefit of that?

Mr. CORRIDON. Yes, sir. I mean as a whole. None of these clerks were employed until after the act of July 28, 1916, was passed, and not until the November following when we placed these routes on the space basis.

The CHAIRMAN. Do they have the same benefits of leave that the other employees do?

Mr. CORRIDON. The same benefit of annual and sick leave; yes, sir.

Senator PHIPPS. What does that sick leave amount to per annum?

Mr. CORRIDON. That is indeterminate. They are allowed sick leave of about two and one-half days a month, beginning with the date of their appointment in the department, and we have followed along the same lines with the clerks on the inland roll.

The CHAIRMAN. To what extent do they avail themselves of that privilege?

Mr. CORRIDON. Some of them, I think, rather liberally.

The CHAIRMAN. Well, there has been a great deal of sickness during the last few years anyway.

Mr. CORRIDON. Yes, sir.

The CHAIRMAN. Do you mean to say there is a general disposition to impose upon the department by getting a false doctor's certificate?

Mr. CORRIDON. No, sir.

The CHAIRMAN. They have to have a certificate, do they not?

Mr. CORRIDON. They have to have a certificate if they are away over two days.

Senator PHIPPS. A man may report sick any day he chooses and that is unquestioned?

Mr. CORRIDON. If it is just two days, but over two days they require a physician's certificate.

The CHAIRMAN. Are you suggesting that that should be changed, that sick leave benefit?

Mr. CORRIDON. No, sir.

The CHAIRMAN. You do not think it has been generally abused?

Mr. CORRIDON. My knowledge there is limited. To make a suggestion of that kind I would have to deal in averages and know how it is handled over the entire service. I understand the Reclassification committee is doing that.

The CHAIRMAN. Are you favorable to granting these transportation-roll people the emergency benefit that we granted in the last bill and that we are carrying over now in this?

Mr. CORRIDON. No, sir; not in view of the fact that we have already taken care of them.

The CHAIRMAN. That is, you gave them the same benefit that the others received prior to the emergency?

Mr. CORRIDON. Substantially. We gave them \$115 instead of \$120. We gave them \$100 plus 15 per cent instead of the statutory increase which was \$120.

The CHAIRMAN. We also gave the regular clerks that, did we not, in addition to this emergency benefit that we gave them? They had the \$120 for two years, did they not?

Mr. CORRIDON. Yes, sir; but we had previously given the inland clerks the increases provided in the field appropriation.

The CHAIRMAN. Just make that clear to me. What benefit did these clerks on the transportation roll receive which the regular clerks did not receive prior to the passage of the emergency law?

Mr. CORRIDON. They received the 15 per cent and 10 per cent respectively under the previous field appropriation act. The legislative clerks got their \$120 coordinately with the provision of law giving the inland clerks their 15 and 10 per cent. That was nearly comparable. The legislative act raised the clerks on that roll \$120, so our increase on the inland roll of \$115 was almost a comparable increase.

The CHAIRMAN. Now, were those increases in existence to both of these classes, as you have described? We felt that there was an emergency condition which entitled the emergency clerks receiving less than \$120 a certain increase in the emergency appropriation above and beyond what we had theretofore granted and we did not include the transportation roll people.

Mr. CORRIDON. No, sir; you did not include certain designated clerks in the lump sum.

The CHAIRMAN. Then if they had not been so treated up to the passage of the emergency law they are not so treated now?

Mr. CORRIDON. No, sir. In other words, Senator, if we were to increase these clerks' compensation by 20 per cent to-day, we would be doing what we did on July 1 in giving them an increase comparable with the legislative clerks omitting the \$5. We gave them \$115.

The CHAIRMAN. By the 10 and 15 per cent increases and the \$115 increase, which offset the \$120 increase which the other clerks had, they stood on an equality?

Mr. CORRIDON. I think so.

The CHAIRMAN. Then we proceeded under the emergency law to increase the emergency clerks on the statutory roll and certain clerks on the lump-sum list?

Mr. CORRIDON. Yes, sir.

The CHAIRMAN. We increased those receiving \$1,000 20 per cent and certain grades of increases for the others, but we did not include these other people. Now, if their salaries were in harmony prior to the emergency act then we have dealt unjustly with these transportation clerks, have we not, in not giving them the same increase?

Mr. CORRIDON. Well, Senator, you might have unwittingly done that, but what you omitted to do we did.

Senator STERLING. What have you done since the enactment of this emergency law?

Mr. CORRIDON. Where the legislative clerk was given \$120, on July 1, last, and you omitted to give the inland clerk who is doing statutory work, for example, the increase named in the act, we on July 1 gave those clerks \$115 per annum to compensate or to equalize, if I might put it that way, the legislative increase.

The CHAIRMAN. What legislative increase do you have reference to?

Mr. CORRIDON. The last \$120.

The CHAIRMAN. Now, since then we have given them some more. The emergency bill came in and said that some should be increased by certain amounts and you have done nothing to these transportation roll clerks.

Mr. CORRIDON. Not on the emergency, Senator, but did that emergency apply to the legislative clerks?

The CHAIRMAN. It applied to all of the clerks receiving \$2,500 or less. That covered every clerk in the service.

Mr. CORRIDON. I did not understand, Senator, that it applied to the statutory clerks.

The CHAIRMAN. My understanding is that the emergency act covered everybody in the service and I tried to get that from the department to find out who were in the service and thought I had them all in there.

Mr. CORRIDON. I might explain this: Our legislative clerks had no increase since the inland roll had theirs, and had another act applied they would be getting a higher salary.

The CHAIRMAN. What do you mean by the statutory clerks?

Mr. CORRIDON. The clerks paid from the legislative roll.

The CHAIRMAN. Not the Post Office bill?

Mr. CORRIDON. No, sir.

The CHAIRMAN. I am just talking now about the Post Office bill. I see what you mean by that. I thought you meant those who had been named in the statute as receiving special salaries in the Post Office Department. What we did was to increase the salaries of all of the employees of the Post Office Department in this special emergency bill, all receiving \$2,500 or less per annum, and we included in that a great many who were not carried by designation simply under the title "Paid from lump sum." Now, we paid those a certain price, as the statute reads. We did not include these transportation-roll people. Now, do I understand you to say that they should not be considered as employees of the department but rather as statutory clerks under some legislative bill for clerks generally?

Mr. CORRIDON. No, sir. I might explain that more clearly to you by saying that on what we term the space work under the space bill we have both clerks on the legislative roll and these clerks of the lump-sum roll, both doing the same class of work.

The CHAIRMAN. Working in the Post Office Department?

Mr. CORRIDON. Yes, sir: working in the same room and alongside, perhaps at the same desk, only a portion of those clerks, say 30 of them, are paid from the legislative bill—their salaries provided for in the legislative bill, and 79 of them, those employed since the passage of the space bill, are doing identically the same class of work and we naturally wanted to have their salaries comparable, and when this legislative increase of \$120 came along first they also got the increase

of 10 and 15 per cent. That was continued on the next year. Then you gave the statutory clerks, or the legislative bill clerks, \$120 more. We followed right along and gave these clerks \$115, which is almost comparable. Now, as to the subsequent emergency act, if that applied to the legislative clerks I am not informed of it, because that would have advanced our 30 statutory clerks.

The CHAIRMAN. It did not apply except to those employed in the Post Office Department and carried as post-office employees. We tried to cover all those and supposed we were covering them until the department ruled that they were not included in that act. We supposed they were. Now, what I wanted to know is whether we have done any injustice to these people, whether we have increased the salaries of other employees in the department by the emergency act, employees doing practically the same class of work and receiving the same salaries that these people received, and have omitted them in our consideration.

Mr. CORRIDON. I think they ought to have been admitted, Senator, but inasmuch as they were not we fixed them up. They are doing the same class of work.

The CHAIRMAN. You are talking about one legislation and I am talking about another. You have done nothing since we passed the emergency act?

Mr. CORRIDON. No, sir.

The CHAIRMAN. I admit we tried to adjust all salaries up to the time of the emergency act; then we felt the conditions were such that we should increase the salaries of the postal employees who received \$2,500 a year or less and we tried to cover them all within those limits. We afterwards found, as we supposed, or were informed that we had left out this class of people and that they were the sole exception to the rule that we had followed, and we naturally did not feel like discriminating against them, and I would like to correct it now if it ought to be corrected.

Mr. CORRIDON. If you will permit me, Senator, I would like to modify my statement to this extent, that I believe this emergency act was passed some time after we made this increase.

The CHAIRMAN. There is no question about it. This was passed in October or November.

Mr. CORRIDON. And, therefore, to that extent this increase did not apply. Had the comptroller decided that it did apply I presume that we would have had to increase the salaries of those clerks 20 per cent.

The CHAIRMAN. I have no doubt about it. Now, what I would like to find out from the department is why there should be an exception in the treatment Congress accords to these people from the treatment accorded the rest of the employees receiving practically the same salary in the Post Office Department.

Mr. PRAEGER. Senator, Mr. Gove, the chief clerk of the Railway Mail Service, who handles a lot of that class of clerical help, says he thinks he can straighten it out. He says he thinks there is a misapprehension about it.

The CHAIRMAN. I want to get it clear.

Mr. GOVE. Senator, it seems to me we are laboring under a misapprehension here. From what I understand, you are under the im-

pression that departmental employees paid under the legislative bill received the benefit of this emergency act. I gather that that is your understanding?

The CHAIRMAN. I suppose some of them did. We enumerated them all.

Mr. GOVE. But they did not. No employees under the legislative act received the benefit of this emergency act. It is only the field employees carried in the Postal Service bill.

The CHAIRMAN. Explain that to me, and let me get your point of view.

Mr. GOVE. The emergency act applies simply to employees on the field roll under what is termed the Postal Service bill, and does not apply to any employees appropriated for under the legislative bill.

The CHAIRMAN. Was not the Dayton, Ohio, concern that makes the envelopes under the statutory roll?

Mr. GOVE. As I understand it, they are under the Postal Service bill. I am not positive as to that. We have here in Washington, Senator, I will say, approximately 1,500 employees of the Post Office Department proper that are carried in the legislative act that this emergency act did not reach. Mr. Corridon has endeavored to explain that the people on the inland-transportation roll have been treated in the same manner as those appropriated for under the legislative act which this emergency appropriation did not touch.

The CHAIRMAN. You think there are about 1,500 of these legislative clerks here in Washington?

Mr. GOVE. Of the Post Office Department. I think it is about 1,500. That I could not say positively.

The CHAIRMAN. And your understanding is, we did not provide for any of them in the emergency bill?

Mr. GOVE. Correct; yes, sir. They were not provided for.

The CHAIRMAN. All right.

Mr. PRAEGER. All the clerks doing the same class of work are receiving the same rates of compensation, so there is no discrimination.

The CHAIRMAN. No; but there is a discrimination between the legislative roll and the department roll where they are doing the same work.

Mr. PRAEGER. Yes; but we had reference to our clerks doing the same work in our office.

The CHAIRMAN. Yes; but I want to ask you, because Senator Phipps called my attention to the fact, you said that this increase of \$115 took place last July 1?

Mr. CORRIDON. Yes, sir; that was done, Senator, to equalize the increase given the clerks on the legislative roll. If I might make myself clear—I would like you to understand me definitely—between these two divisions, you know, there is a legislative, executive, and judicial appropriation act, which fixes in general the entire clerical force in the executive department.

Then in the Postal Service in addition to that we have these Post Office appropriation acts which provide lump-sum appropriations for special purposes, such as the mail-bag repair shops. Our clerks working in this division of railway adjustments do the same class of work that these clerks provided for on the legislative roll perform, but it was an auxiliary force brought in to supplement the

clerks on the legislative roll for which provision could not be made inasmuch as the legislative act had been passed and the space bill provided for their employment. Inasmuch as they were doing the same class of work when the legislative act increased the legislative clerks by a bonus of \$120 and \$120, respectively, in two years we made those increases, and the only point where I think I have not made myself clear is that we anticipated on July 1 an increase comparable with the legislative increase that was subsequently taken care of by you in the emergency act. Now, inasmuch as we had already increased the clerks, we did not think it was right, even if the law permitted it, to give them another increase a couple of months after without the legislative clerks getting a comparable increase. But, anyhow, after receiving your letter we submitted it to the comptroller, and he said it referred only to lump-sum clerks getting less than \$1,000, and all other than that class you specifically provided for in the act.

The CHAIRMAN. All right, I guess I understand it.

Is there anything else to ask Mr. Praeger or his assistant?

(Whereupon, at 1.40 o'clock p. m., the committee adjourned until Friday, January 13, 1920, at 11 o'clock a. m.)

# POST OFFICE APPROPRIATION BILL, 1921.

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FRIDAY, JANUARY 30, 1920.

UNITED STATES SENATE,  
COMMITTEE ON POST OFFICES AND POST ROADS,  
*Washington, D. C.*

The committee met pursuant to call, at 11 o'clock a. m., in the committee room, Capitol, Senator Charles E. Townsend, presiding.

Present: Senators Townsend (chairman), Sterling, Phipps, and Dial.

The CHAIRMAN. Now, Mr. Blakslee, you testified very fully before the House committee, I notice. I have not been over it all. There are some exhibits there which you submitted which I have not had time to read, but the principal testimony I have looked over the best I could.

Now, did you have some particular matters that you wished to bring to our attention that should be incorporated in the bill?

## STATEMENT OF MR. JAMES I. BLAKSLEE, FOURTH ASSISTANT POSTMASTER GENERAL.

Mr. BLAKSLEE. Yes, sir. The particular feature that should be incorporated in the bill is to make the appropriation for the manufacture of mail containers immediately available. That will be found on page 21 of the House bill:

For the purchase, manufacture, and repair of mail bags and other mail containers and attachments, mail locks, keys, chains, tools, machinery, and the material necessary for same, and for incidental expenses pertaining thereto; also material, machinery, and tools necessary for the manufacture and repair in the equipment shops at Washington, District of Columbia, of such other equipment for the Postal Service as may be deemed expedient; for compensation for labor employed in the equipment shops at Washington, District of Columbia, including increases hereinafter provided, \$2,090,000.

Mr. Chairman, the situation that confronts us in the industrial world is astounding. We will use in the neighborhood of 500 tons of steel. We can not secure a pound to-day under four and five months' delivery. Our contractor for steel this year, the Superior Steel Corporation, has closed down on shipments to us entirely, it being more profitable to do business in the commercial world than with the Government. That is about the size of it.

The CHAIRMAN. Why? Do they have better contracts?

Mr. BLAKSLEE. They have better contracts with others than they have with us, and the net result is we are very short of steel for our cord fasteners and label holders and locks, and metal material of that

variety right now, so if we do not have this appropriation available before the 1st of July we will be in no position to supply the necessary containers, either under contract outside or in our own shops, prior to the time we need them, about the 1st of December, next. You understand, that is the period we have the heavy rush of mail, and we supply all of the containers to all of the different departments of the service that use them. There is an emergency, in fact, in connection with the maintenance of the Postal Service and this character of equipment that goes with it. Consequently, it will be essential that this appropriation be made immediately available in order that we may at once contract and place orders for metal parts and canvas thread.

The CHAIRMAN. Do you have to pay for this material in advance?

Mr. BLAKSLEE. We can not place an order until the appropriation is available. You understand, under the law we can not make a contract or place an order for necessary supplies until the appropriation is actually available.

The CHAIRMAN. You do not propose to use any of this money for this year?

Mr. BLAKSLEE. Oh, no; only to protect ouselves in placing orders for the goods in time to get them, so that we can supply the necessary containers at the time they will be needed.

The CHAIRMAN. None of this is supposed to be used as a deficiency?

Mr. BLAKSLEE. No; we have ample funds to carry us through this year on this particular item; we will get through all right this year.

Senator STERLING. What was the appropriation last year?

Mr. BLAKSLEE. Exactly the same.

Now, in addition to that, Senator, let me say another thing. It is very serious with us. We base our estimate on conditions as they exist at the time we make the estimate. To illustrate to you how prices are going up and have gone up in the last six months, soft cotton thread has increased in price from 89 cents a pound to \$1.25 a pound. Intensive-type thread, that we use in sewing sides of mail sacks and sewing two old sacks together to make one good one, has increased from \$2.10 per 4,800 yards to \$3.80 for 4,800 yards. Forty-eight hundred yards is the unit in which this thread comes to us.

Cotton thread, dragon type, has increased from \$1.89 per 9,600 yards to \$3.29 per 9,600 yards.

That is indicative of the increased price which will be quoted when we advertise for proposals for canvas.

The CHAIRMAN. Not the price you will receive, but you will have to pay?

Mr. BLAKSLEE. Assuming we will advertise for canvas to manufacture; say 1,000,000 sacks.

The CHAIRMAN. Yes.

Mr. BLAKSLEE. And this is indicative of the price that will be submitted when we advertise. The prices will be about double what they were last year. Our estimate, of course, and the appropriation, is based upon conditions as they obtained six months ago.

Senator DIAL. Do you use any cotton twine?

Mr. BLAKSLEE. No; we do not, because the price of cotton twine is about 58 cents a pound. Jute twine is 27 cents. That is almost

three times the price of about three years ago; we then paid 11 cents, and cotton twine to-day is 58 cents—out of sight as compared with the two-ply jute.

The CHAIRMAN. Do you advertise for bids for those?

Mr. BLAKSLEE. Oh, yes.

Senator PHIPPS. At what time do you advertise for bids for your steel contracts for the year's supply?

Mr. BLAKSLEE. It will be advertised in the very near future.

Senator PHIPPS. Now, for that class of steel there is some one contractor who will supply all of your requirements, surely?

Mr. BLAKSLEE. Yes, sir.

Senator PHIPPS. Have you had the same experience before of a contractor allowing your orders to wait until he can take care of more profitable orders on the books?

Mr. BLAKSLEE. Yes; during the war we were crippled all the time on that account.

Senator PHIPPS. Well, now, in your advertising, is it not possible to protect against that by adding a condition in your contract that you have the first call for the fulfillment of your orders?

Mr. BLAKSLEE. We protect against it, Senator, by imposing a very heavy penalty. That is, we call upon the contractor to furnish a bond for the faithful performance of the contract, but sometimes it is even profitable for him to pay the penalty and do business elsewhere.

The CHAIRMAN. Has he done that?

Mr. BLAKSLEE. At one time we had a contractor from whom we collected the amount of the bond on account of failure to deliver.

The CHAIRMAN. How much did you collect?

Mr. BLAKSLEE. The amount of the bond, and the bond is usually fixed at 5 per cent of the contract.

Senator PHIPPS. What is the character and quality of this steel, Mr. Blakslee?

Mr. BLAKSLEE. Soft steel; it is a type from which we can stamp out forms and shapes, although some of it is tool steel that we use in the manufacture of the devices or machinery in the shops, but the greater quantity of it is soft steel.

Senator PHIPPS. The majority is soft steel in thin plate form that you can stamp?

Mr. BLAKSLEE. Yes.

Senator PHIPPS. That is what I imagined.

Mr. BLAKSLEE. I think it may be interesting to state that the dog castings that we use in the card fastener have increased from 20 cents to 32 cents a pound.

The CHAIRMAN. Over what period?

Mr. BLAKSLEE. In six months.

Senator PHIPPS. You ought to be getting them of brass for that rate.

Mr. BLAKSLEE. Oh, brass is out of sight altogether. These castings are malleable iron. We are manufacturing a number of routing tables for rural carriers and city carriers in the offices. We can manufacture them for about 50 per cent of what any contractor will do the same character of work under prevailing industrial conditions, also facing tables, a device we designed ourselves in the shops; the oak

lumber that we use in this equipment has increased from 12 cents to 24 cents a pound; 100 per cent increase in price; pine lumber increased about the same, 100 per cent.

The CHAIRMAN. In six months?

Mr. BLAKSLEE. Within six months; yes.

Senator PHIPPS. You do not anticipate any increase in last year's figures in the iron plates or sheet steel plates?

Mr. BLAKSLEE. I do.

Senator PHIPPS. There has not been any advance yet in the market?

Mr. BLAKSLEE. I do not think so; not yet.

Senator PHIPPS. There should not be.

Senator DIAL. Is the tendency on lumber upward, too? Everything upward?

Mr. BLAKSLEE. Yes, sir; apparently so, on all bids we are receiving for all kinds of paper stock textile and metal stock.

The CHAIRMAN. What do you base your estimates on? Actual prices at the time the estimate was made?

Mr. BLAKSLEE. Yes, sir.

The CHAIRMAN. You made no allowances for increases?

Mr. BLAKSLEE. We have made an allowance for part of the increase.

The CHAIRMAN. I understood that in those things you usually discounted the prospect of an increase to some extent, so that you prepare for that.

Mr. BLAKSLEE. Six months ago, Senator, one would anticipate that there ought to be a falling off in prices because of the fact that the demands for war, or the prosecution of the war, would not be so heavy, and that prices would begin to decrease a little.

Senator DIAL. Do you get your canvas from one concern?

Mr. BLAKSLEE. We have a number of concerns, I believe, that bid and also make several contracts. We have also been getting certain quantities from the surplus of the War Department.

Senator STERLING. Is there pretty sharp competition in the bidding for these supplies?

Mr. BLAKSLEE. Well, on some things, it might as well be just one concern; they all bid about the same price. We do not find any competition in jute twine. The largest producer of cotton thread refused to bid at all, and numerous bids are conditional upon increase in prices.

The CHAIRMAN. Do you think there is a collusion between the manufacturers in reference to these matters?

Mr. BLAKSLEE. No; I think it is a matter of common knowledge among them that the supply of raw material available is distinctly doubtful, and they make the price high enough to protect themselves against any possible losses. I do not think there is any collusion. I think it is all based upon cost of production and a margin of profit, having due regard to the risk involved.

Senator STERLING. But there is an agreement between them as to the cost and what the profit is?

Mr. BLAKSLEE. There seems to be something that influences the general trend toward a similar price, but I am not in position to say that they have any combination; I do not know.

**The CHAIRMAN.** What is the object of this? To increase that appropriation?

**Mr. BLAKSLEE.** No, sir; we do not want it increased; we will get through; our object is to get the appropriation available in time to advertise as soon as the bill is passed, and before the 1st of next July.

**The CHAIRMAN.** Now, tell me how you are going through if material has increased 100 per cent.

**Mr. BLAKESLEE.** Well, that is part of my job, Senator. That is only a little part of the job. I scrape and twist and deal and save and urge conservation and turn over of equipment faster, that is, do everything possible to expedite the movement of equipment, to use it more frequently than has heretofore been the custom. I may not get away with it, but I am going to try hard. The illustration is plain. When I came here we purchased something like 84 car-loads of twine a year, equal to 2,700,000 pounds. We purchase now 70 carloads, equal to 2,100,000 pounds, although the increased use of twine in the Postal Service has been in proportion to the increased postal business; it has all been saved by continual hammering at the personnel to conserve the twine.

Now, the same thing must apply here.

Then, again, if you will remember, some time ago we had quite a discussion over what we called "light-weight canvas" as compared in longevity, as you might call it, with "heavy-weight" canvas. I think the "heavy-weight advocates" have recovered from their brain-storm now, and we are using light-weight canvas to-day. I might even use burlap sacks, in order to get around the corner when prices are so abnormal as they are now. I know we purchased 200,000 burlap sacks just before Christmas this year to meet the emergency, and we may have to do the same thing next year.

We do not want any more money: we will get through; but we need whatever is appropriated immediately.

**The CHAIRMAN.** What else do you want to bring up, Mr. Blakslee?

**Senator STERLING.** May I ask, Mr. Chairman?

**The CHAIRMAN.** Certainly.

**Senator STERLING.** In appropriations made heretofore under this item, Mr. Blakslee, have you asked that the amount be immediately available?

**Mr. BLAKSLEE.** No, sir.

**Senator STERLING.** Why is that, if there is a necessity for it this time?

**Mr. BLAKSLEE.** Well, in the past years there was not such a condition in the industrial and commercial world as appears now. It is something we know is a fact now, that four and five months delivery is the best we can secure.

**The CHAIRMAN.** And I understand it is a fact you have no right to advertise for bids, much less to make contracts, until the appropriation is available?

**Mr. BLAKSLEE.** I am not sure about advertising, but I knew we could not make a contract with or place an order on a firm until the appropriation was available. I knew that, but I was not so sure about the advertising. The Superintendent of the Division of Supplies and Equipment says that we can advertise.

**The CHAIRMAN.** I was going to say, that can be done.

Mr. BLAKSLEE. We can advertise and secure the proposals, but we can not draw an order as of any date prior to July 1, which is the date the appropriation would be available.

The CHAIRMAN. How long does it take you to advertise?

Mr. BLAKSLEE. Two weeks. Sometimes, longer than that, on canvas it is usually about three or four weeks to allow the different concerns to prepare their bids.

Senator STERLING. To what extent do you advertise? In newspapers, of course.

Mr. BLAKSLEE. The purchasing agent of the department has charge of that, and I assume he advertises in all centers where there are manufacturing plants producing the particular item involved.

The CHAIRMAN. Go ahead, Mr. Blakslee.

Mr. BLAKSLEE. There are two more items about which there has been discussion for seven years that I know of, and one is in connection with the pay of rural carriers. I again return to the committee to appeal for some administrative discretion in the compensation of rural carriers, and I present as a fact that the present method of compensation is not satisfactory, and is demonstrating every day its futility. Congress has been liberal, far more so than the department has ever suggested or recommended. Congress has endeavored to pay the rural carrier in full according to his requests and his deserts, but we have this fact confronting us: approximately 50 resignations a day at this time, which, regardless of the new bonus, will continue, Senator, even more rapidly than it has heretofore, in my opinion.

There are something in the neighborhood of 4,300 vacancies in the rural delivery service to-day. That is one-tenth of the entire personnel, the service being performed by temporary carriers, naturally more or less inefficient and not acquainted with or interested in the service like a regular carrier is.

Now, as a remedy therefor I believe that the proper method of compensating rural carriers is not to increase the salaries of all of the carriers on a uniform percentage basis, in the belief that this will induce these men to remain in the employ of the Government as carriers. While I know that will be satisfactory to the type of individual who performs service on a route that can be covered in two, three, or four hours per day—that will not interfere with that individual at all; he is really delighted to get any increase, and he would not resign if he did not get it—and it also keeps some men in the service who, without such uniform increase will quit and go into some other character of employment, but it has no effect on the employee who operates a route in territory where the industrial conditions are such as they are in western Pennsylvania, and at the present time in Texas, in the oil fields, or in the vicinity of the city of Detroit. There it is useless to expect a man in such territory to work for \$3 or \$4 a day and provide a vehicle within such a sum when the industrial concerns are paying \$5 and \$6 a day and do not require employees to provide any equipment with which to perform their daily functions.

These conditions are exceptional in the territory which I described.

The CHAIRMAN. Is that where your vacancies are occurring?

**Mr. BLAKSLEE.** The greater proportion of them, by far, in that territory.

Now, Mr. Chairman, I know that the ideal method of compensation or payment, from a taxpayer's point of view, would be to permit the department to contract for the performance of this service exactly like the star route which contractors perform, and do all functions that a rural mail carrier does, provide box delivery and collection service, sell money orders; all that sort of thing can be done under contract just as easily as it can under the per diem system; that would be the ideal method from the taxpayer's standpoint.

However, from the employee's standpoint he protests vigorously and objects strenuously to anything of that sort. Consequently, it seems to me, the Department should be put in a position to utilize either system, or any system that will produce the desired results in the interest of the taxpayer or the employee. Where a contract would be most desirable and no serious objection appearing there a contract should be made. Where the per diem system of compensation is the most desirable, there the per diem system should be used. Any business or commercial concern would do the same thing in the conduct of its business. It is the same with the Post Office Department; the Department ought to be put in a position to perform the desired service through any method or means that would produce the maximum of efficiency at the minimum of expense.

Now, in order to improve the present system, the Postmaster General has suggested legislation, a copy of which was submitted to you by Congressman Parrish, and the Postmaster General earnestly urges the adoption of that legislation.

At the present time rural delivery is not performing any great amount of service to the farmer patron, beyond supplying him with some information, as to market quotations, through the newspapers that are distributed on the route, and giving him an avenue of communication for letter mail to him, but from him very imperfect and inefficient. The movement from the farmer is apparently inadequate, indirect, or discouraging, because, as an illustration, the parcel post, or fourth-class matter, transported out to the farmer averages about  $6\frac{1}{2}$  pieces per route per day at this time. Inbound from the farm-producer it is just about 1 piece per route per day.

**The CHAIRMAN.** I did not quite understand that.

**Mr. BLAKSLEE.** At the present time the outbound parcel post average  $6\frac{1}{2}$  pieces per route per day; the inbound 1 piece per route per day.

**Senator STERLING.** That is, the carrier brings back to the office an average of 1 piece?

**Mr. BLAKSLEE.** One piece; yes; the weight of which is about 4 pounds to each piece, so it takes in about 25 to 28 pounds per route per day and 4 pounds out from the farmer.

Now, the exact reverse of that ought to be true. The exact reverse. Because if the carrier were to bring in a quantity of mail equal to, we will say, only 200 pounds average per day, he would affect the cost of living in this country tremendously. That is absolutely certain, because 200 pounds carried on each route per day would aggregate in the neighborhood of 8,000,000 pounds per day on 43,000 routes now in operation.

**Senator DIAL.** How many customers on the average route? What is the average?

**Mr. BLAKSLEE.** There is 100 heads of families, not less than that, on each rural route of 24 miles; not less than 100 heads of families, or an average of about 425 mailing patrons to a route; consequently, there are 610,600 heads of families, or pretty nearly 26,000,000 rural patrons served by rural carriers daily.

Well, something should be done. Now, as a recommendation: The thing that will encourage the farmer and increase the number of pieces, not into but out from the farmer, would be to base the compensation on the number of pieces the carrier conveys, whereupon, he will transport plenty of pieces, and if the carrier carries plenty of pieces from the farmer he will naturally convey foodstuffs, and such foodstuffs will be sold at prices prevailing in the country on the farm and delivered in the city, the postage added.

**Senator STERLING.** Well, as to the rural carrier, is he not bound to bring in—if he occupies the position, whatever his compensation, is he not bound to bring in whatever is handed him?

**Mr. BLAKSLEE.** Yes; he is supposed to, but what he is supposed to do, and what he does do, are two very different things. The carrier, naturally, being paid on a basis only, his principal ambition is to cover miles, and there is a very sympathetic feeling among the farmers toward rural carriers as an individual. They know that his compensation is about enough to meet the expense of operation and a living wage, and they do not like to load him up with foodstuff; they hesitate to do it.

**Senator DIAL.** Well, Mr. Blakslee, is not one of the greatest drawbacks to sending it in from the farms that they have not sufficient containers; they do not prepare themselves to send it in?

**Mr. BLAKSLEE.** There is merit to that, because in the operation of our motor-truck routes we discovered a sack, for potatoes, for instance, was not to be found in a rural territory, but had to be taken out from the city to the farmer, but the container is a factor in it; the container does have an effect on the quantity shipped by the farmer.

**Senator John Walter Smith, of Maryland,** forwarded a communication from a rural carrier to the department for attention. The communication stated that the carrier could find nothing in the postal laws and regulations to cover his case; that a producer of oysters on his route was about to load him three times a week with 900 pounds of oysters, and his vehicle was not large enough to accommodate such a load and he wanted the Senator to see to it at once that he should not be placed under the obligation of buying a two-horse team and wagon to accommodate the 900 pounds.

Well, that is the situation with all of them.

**The CHAIRMAN.** How did you rule on that?

**Mr. BLAKSLEE.** I told him he had to carry the mail; he had to provide a vehicle adequate to accommodate the postal business. That is the law. Naturally, if he begins to do it he will quit; that is what he will do. And that is what is going on considerably throughout the country.

**The CHAIRMAN.** Now, I am still interested in knowing why the farmers do not take advantage of their present opportunity.

**Mr. BLAKSLEE.** Partly on account of the carrier, partly on account of indirect facilities. The vast majority of our routes operate from fourth-class post offices, located in many instances quite some distance from rail or water transportation, and the handling of the matter in the fourth-class office, again at the railroad station, again on the train, again at the terminal, etc., results in injury and damage to the products shipped by the farmer. That indirect transportation and numerous handlings deters the farmer from using the mail service to the limit in the transportation of foods. So that two items—first, the sympathy for the carrier; second, the damage to the products through the numerous handlings thereof; and then, again, the farmer's inability to establish commercial relation with the consumer.

**The CHAIRMAN.** Well, now, you are getting off the subject of truck service?

**Mr. BLAKSLEE.** No; I am talking about the reason why farmers do not use the rural delivery service. For instance, Senator Sterling wants five dozen eggs. If the farmer knew Senator Sterling, he would be glad to ship them to Senator Sterling at a reduced price, but he does not know the Senator.

**Senator STERLING.** Maybe if he knew him he would not either.

**Mr. BLAKSLEE.** Maybe; there might be something in that, too, but something must be done, and the recommendation in that legislation, in which we ask that the Postmaster General be allowed to compensate these individuals based upon the number of pieces of mail they handle would have the effect of increasing the quantity of mail moving from the producing territory to consuming territory.

**The CHAIRMAN.** I do not quite get your connection there. I can see what you are arguing about. What would the rural carrier do differently from what he does now, if you give him a piece price, or a cargo or load price?

**Mr. BLAKSLEE.** Well, suppose he were to receive \$3,000 a year instead of \$1,800, based upon the character of equipment it would be necessary for him to use in the transportation of 1,000 pounds of farm products a day. You understand, to carry 1,000 pounds as over against 4 pounds, he would have to provide a half-ton vehicle, and it would cost more money than it does to operate a single horse and a sort of a milk-wagon rural-delivery cart. Consequently, if we compensated him for the use of the larger vehicle, he would use the larger vehicle, and the conveyance would be there for the postal patrons to use.

**Senator STERLING.** You would not make of the rural carrier a solicitor, would you, or rural canvasser?

**Mr. BLAKSLEE.** Under the prevailing conditions, Senator, I claim the price of food is controlling the price of all commodities and merchandise. I have always contended the price of food is basic in the cost of living, and anything that will increase the quantity of food, anything, whether it includes the rural carrier as a solicitor or not, would be an excellent thing to do. If we can, by any means, increase the production of food, encourage a larger number of producers in producing food, we will have adopted some practical program for solving this cost-of-living question. That is my contention.

**The CHAIRMAN.** Well, do you want to enlarge this Postal Service so that practically the mail service will carry all of the farmer's stuff?

Mr. BLAKSLEE. Oh, that would be a rather abnormal proposition; but it is dead sure the mail service can carry a much greater quantity than it does now.

The CHAIRMAN. Well, now, there is opportunity for him to carry a great deal more than he does carry now, with the present equipment?

Mr. BLAKSLEE. Yes; that is true, too.

The CHAIRMAN. At least four times as much because he could bring back as much as he carries in, and the assumption is that he could carry a good deal more if necessary.

Mr. BLAKSLEE. That is true.

The CHAIRMAN. Why do they not do it?

Mr. BLAKSLEE. For various reasons.

The CHAIRMAN. Now, you say the farmer is in sympathy with the carrier, and does not want to overload him?

Mr. BLAKSLEE. That is one reason.

The CHAIRMAN. Well, he submerges his financial interests to the sympathy of the carrier?

Mr. BLAKSLEE. Lack of knowledge is another thing. Just to explain it in the same way I gave the evidence in the House committee, I have a friend, Julius Barnes, who sent his wagon from his farm 8 miles to my home town to get a cream separator at the railroad station. It cost him \$2.50 for the time of the man and the use of the vehicle in driving 16 miles (8 miles in and 8 miles back), and the hour he spent at the station arranging freight settlements and loading the cream separator. Had Julius known of the facilities of the Postal Service, that were available, he might have moved that separator to his farm for 75 cents on the star route carrier's vehicle.

The CHAIRMAN. Why did you not tell him?

Mr. BLAKSLEE. I did tell him, and I warrant you he had some improved understanding of the use of the facilities.

The CHAIRMAN. Have you been advertising the facilities of the parcel post?

Mr. BLAKSLEE. Yes, sir. All of which results in still further resignations. The more I encourage the farmers to use mail facilities, and there being no administrative leeway for increasing the compensation of the employees to provide for an adequate vehicle and equipment and time and labor involved, the faster the resignations will appear. That is fundamental, Senator.

The CHAIRMAN. Now, you are proposing an increase in salaries to some of these carriers?

Mr. BLAKSLEE. Yes, sir; and I do not want the gross appropriation increased a cent, Senator.

The CHAIRMAN. That is, you propose to reduce others?

Mr. BLAKSLEE. I propose to equalize the compensation, naturally; at the same time, if you will note in the suggested legislation—I do not want to see the minimum salary or the base salary that was adopted two or three years ago changed at all. Leave that just where it is, but all these increases that the Congress give the rural personnel, instead of basing it on a flat percentage increase, base it on the quantity of mail and the additional expense they must go to for the handling of it.

The CHAIRMAN. I see.

Mr. BLAKSLEE. And that will be fair—absolutely fair to the rural personnel, the rural employee.

The CHAIRMAN. Well, you would not want the present salaries of the rural carriers as fixed—that is, the present compensation, including the emergency aid which we gave them, you would not want that to stand?

Mr. BLAKSLEE. In some instances, Senator, some carriers are being vastly overpaid. That is certain.

The CHAIRMAN. Now, you want to leave this discretionary in the department?

Mr. BLAKSLEE. That is, for the increased compensation above the basis that you established two or three years ago; some discretion.

The CHAIRMAN. So you would want the department to fix the salaries upon the basic \$1,200 you are talking about?

Mr. BLAKSLEE. I think it was \$1,320 for 24 miles—\$1,500.

Senator DIAL. That would not tend to demoralize the service?

Mr. BLAKSLEE. I think that we would be able to get employees much more easily—these resignations are coming on what we call heavy routes, difficult routes, routes where the industrial concerns in the vicinity are paying abnormal salaries, and if the department is given discretion we can adjust the increased compensation at those points in order that we may meet the prevailing conditions, and it does not necessarily follow that a carrier in Los Angeles, who gets over his route on a motor cycle in an hour, would get \$2,400 a year at that.

The CHAIRMAN. Would you want this permission separate from the other suggestion of yours permitting the department to secure this service by contract or otherwise?

Mr. BLAKSLEE. I mentioned that as an ideal condition, Senator. I know that would not meet with the approval of Congress, and would not meet with the approval of the carriers, but in the interest of the taxpayer that ought to be done, and I say it so it may be a matter of record; I know I will get nowhere with that. That will not appeal to a great many people for many reasons, but the fact is if I were running this thing as my personal business that is the way I would run it—use the contract where it could be used and use the per diem system of compensation where it could be used. Anybody would do it.

The CHAIRMAN. Would you still want to preserve in the law the basic salary of \$1,500?

Mr. BLAKSLEE. \$1,500. \$125 a month, that is.

The CHAIRMAN. For a 24-mile route?

Mr. BLAKSLEE. On a 24-mile route. Now, you realize that would give a carrier \$100 a month, possibly, for himself, and \$300 a year for the maintenance of a vehicle of the type that he would ordinarily maintain, and you understand that would be a motor cycle or a single horse or an ordinary small vehicle, a buggy, but just as soon as we direct the carrier to provide a truck that would carry a half ton his salary ought to go up.

The CHAIRMAN. Does the Postmaster General agree with you on the proposition that the Post Office Department should enter more largely into the contract business?

Mr. BLANSLEE. Do you mean in the motor-truck proposition?

The CHAIRMAN. Yes.

Mr. BLAKSLEE. No; I do not think he does.

The CHAIRMAN. Does he agree with you on this proposition, that you should encourage the use of the post-office facilities on the rural routes to bring in as much truck as possible?

Mr. BLAKSLEE. Absolutely; that is in that letter, Senator; absolutely.

Senator DIAL. I live in the country, and I think the two greatest drawbacks is want of information of the uses and the absence of suitable vessels in which to ship the stuff.

Mr. BLAKSLEE. We learned that in the operation of motor truck lines.

Senator DIAL. Go up to a farmer's house and he has not a bag, he has not sufficient bags to put the articles in—eggs, potatoes, fruits, and various things of that sort.

Mr. BLAKSLEE. The department ought, of course, to be permitted to encourage the distribution of devices of that sort to the best of our ability.

Senator DIAL. Encourage the distribution of light boxes, or something of that sort.

Mr. BLAKSLEE. Yes, sir. Furthermore, I have communicated with, in the neighborhood of, 200,000 farmers within the last three months. I have in my files about 40,000 replies from farmers, and I thought it proper to invite your attention to the contents of these replies. I want to assure you that they contain most alarming information; the country ought to know it.

The CHAIRMAN. Have you a copy of the letter you sent out?

Mr. BLAKSLEE. Yes, sir. Here are replies from farmers in a few States—I have not been able to cover all of them—together with a memorandum addressed to me by Mr. George L. Wood, Superintendent Division of Rural Mails, which is under my supervision. Mr. Wood has been in the Rural Delivery Service a great deal longer than I have, some 12 or 14 years, and is not possibly quite as excitable or quite as rambunctious, we might say, as I am. He has been here long enough to get burned a few times, and perhaps a little more conservative than I used to be, but he says:

I desire to draw your attention to the fact that an examination of the parcels post questionnaires that have been received from persons of the rural mail service in the States of New York, Pennsylvania, Delaware, Maryland, and Virginia—

Up to the time this memorandum was written, December 13, those were the only States we had covered. Since that time we have covered quite a number of them, Missouri, Indiana, Iowa, and numerous others—

discloses such a state of mind and feeling on the part of many producers in each of the States mentioned, and such a spirit of antagonism toward their fellows who dwell in the cities as to give cause for grave apprehension. The most serious cause for complaint is the shortage of farm labor, it being stated that due to the great demand for labor in the cities, with short hours and high wages, not only have the hired help been driven from the farms, but also the farmers' sons and daughters, and that as a consequence they will have to curtail production greatly next season, and some will cease farming altogether.

Others draw comparisons between the hours of labor required of a farmer and his compensation with those of the urbanite, of which he bitterly complains, setting forth the soft and luxurious living of the latter as compared with the hard and bare living of the farmer, who is no longer willing to toil and produce for the striker, the profiteer, and the short-hour-high-wage man. Complaint, too, is made of the inadequate returns to the producer as compared with the prices paid by the consumer, of the profits and stealings of the middle men, of the high cost of wearing apparel, of staples not produced on the farm, and of farm implements and fertilizer, all of which seem to have filled the farmer's mind with discouragement and resentment, which is said to result in the curtailment of food production.

I attach hereto a number of questionnaires received from various States containing the views herein outlined, and as the matter is one so disquieting and so portentous of disastrous consequences to the country's welfare, I deem it necessary to call it to your particular attention.

Whereupon I forwarded that to the Postmaster General with my own memorandum:

I not only concur in the analysis made by the superintendent of the Division of Rural Mails, but I submit that the contentions and declarations of these food producers are founded upon facts and merit immediate recognition and the adoption of remedial measures forthwith, for should agricultural production decrease the attendant increase in prices because of demand exceeding supply would arouse unparalleled resentment and encourage this discontented element now so evident in our population to open antagonism.

Some practical plan to increase production or to enlarge the number of producers of food is imperative.

I contend that before this committee. I say the prices you will see this year will not be a circumstance to what they will be next year.

The CHAIRMAN. You say that was a general letter you sent to the farmers?

Mr. BLAKSLEE. Yes.

The CHAIRMAN. The letter you sent out for information, where is that?

Mr. BLAKSLEE. This is the first form, requesting the postmaster to send up a copy of the roster of patrons which, under the rules and regulations, he is supposed to keep in the post office where rural routes emanate.

SEPTEMBER 3, 1919.

*Postmaster:*

You are directed to prepare an accurate and complete copy of the roster of patrons of each rural carrier of your office, indicating thereon all adults by placing a cross (X) before their names.

Forward the copy thus prepared to this office in the inclosed envelope at your earliest convenience.

JAS. I. BLAKSLEE, *Fourth Assistant.*

The second one is to forward the roster itself, marking the name of the farmers, heads of farmers' families thereon.

*Postmaster:*

On September 8, 1919, you were directed to prepare an accurate and complete copy of the roster of patrons of each rural carrier at your office and forward same to the Fourth Assistant Postmaster General, Division of Rural Mails.

THIS ROSTER HAS NOT BEEN RECEIVED.

Please see that this roster is prepared at once, and indicate opposite the name those who are heads of farmer families, owning or operating the farms, using a mark like this #.

Be sure that the number of the rural route and the name of your office appears at the head of the lists, and mail same in the inclosed envelope.

JAS. I. BLAKSLEE, *Fourth Assistant.*

**The third was addressed to the individual farmer:**

The Post Office Department desires to increase the production, improve the distribution, and reduce the cost of foodstuffs to consumers.

The department suggests the increased use of parcel post for shipment of your products. In many instances you will not have to suspend production and you will save valuable time, worth more to you than the postage charge you may be called upon to pay.

Farm products may be mailed in packages or parcels not exceeding 70 pounds in weight, 84 inches in length and circumference combined, and for shipment up to 150 miles from your domicile on any rural route, star route, or motor-truck route, at rates of 5 cents for the first pound and one-half to 1 cent per pound thereafter.

The carriers, under the laws and the regulations, are required to accept your shipments, provide vehicles adequate to accommodate them, and supply all information as to rates of postage and delivery desired; also sell stamps, insure packages, explain C. O. D., special-delivery registry, and money-order facilities. The carrier is your postal agent.

Read the inclosed circular carefully.

Will you please forward the completed form inclosed herein to the department at your earliest convenience?

We will help you dispose of the products of your farm; we hope you will help us reduce the cost of living to those dependent upon your products and our distribution thereof.

JAS. I. BLAKSLEE,  
*Fourth Assistant Postmaster General.*

**This is the form of the questionnaire sent out:**

Do you produce foodstuffs for sale, other than grain and cattle?

Then we enumerate butter, eggs, poultry, potatoes, and ask them to specify the amount and price per unit, bushel, pound, or quart.

Where is your principal market?

Do you sell direct to consumers, or to commission houses or dealers?

Do you deliver by rail, water, express, parcel post, or your own vehicle?

Can you suggest a name by which the Post Office Department may, at the least expense, help you to arrange for orders by parcel post direct to consumers and payment therefor?

What particular improvement can you suggest in the method of shipment or treatment by parcel post?

Name \_\_\_\_\_. Route No. \_\_\_\_\_. P. O. \_\_\_\_\_. State \_\_\_\_\_.  
If not sufficient space on this or reverse side to note all information you desire to submit, use another sheet of paper.

We sent that out. Then we sent another circular:

**Mr. FARMER:**

The rural carrier is your postmaster.

He will supply you with stamps.

He will procure your money orders.

He will register your mail.

He will deliver the merchandise which you order from the city.

You may send by your carrier, as parcel post, butter, eggs, dressed poultry, pork products, potatoes, apples, and other mailable products, and in many instances have them delivered at much less cost than you could do so, even locally.

**USE THE PARCEL POST AND SAVE BOTH TIME AND MONEY.**

**As an illustration:**

A farmer sent an employee with a team 8 miles to the railroad station to pay a freight bill and secure one cream separator weighing about 70 pounds.

The pay for the employee for five hours and the expense for team for same period amounted to \$2.50.

Had the farmer directed the railroad freight agent to forward the separator by parcel post on the mail wagon passing the door of the farmer every day,

the entire cost of delivery would have been 74 cents postage and about 4 cents postage for letter of instructions to freight agent.

A saving to the farmer of \$1.72, and the employee of the farmer would have been producing food instead of driving the team.

Mr. Farmer, try the parcel post and save labor for farm work.

JAS. I. BLAKSLEE,  
*Fourth Assistant.*

The CHAIRMAN. How many of those did you send out?

Mr. BLAKSLEE. 200,000; and there are 6,000,000 farmer patrons—supposed to be farmer patrons of the Postal Service. I suppose out of that number there would be 2,000,000 real farmers.

Now, the latter letters were sent out largely on account of this evidence showing an inclination on the part of food producers to cease production next year, and as sure as they do, not only the prices of food, but of everything else will go up.

The CHAIRMAN. Did you receive any indication in the answers there that they were going to take advantage of the parcels post?

Mr. BLAKSLEE. Yes; a number.

Senator PHIPPS. This is the Bolshevik you brought out.

Mr. BLAKSLEE. It is none the less astounding.

Senator PHIPPS. But your contention is that you can deal with the rural carrier so that his compensation is increased commensurate with the duties he performs and he will make it his business to increase—

Mr. BLAKSLEE. Encourage and increase.

Senator PHIPPS. And encourage the handling of food in and supplies out so that he may have that stuff to carry, and that he will go to the extent of putting the producer in touch with the consumer?

Mr. BLAKSLEE. That is exactly my contention.

The CHAIRMAN. Have you tried in your department to establish depots or places in the cities where the farmers' goods could be brought for sale?

Mr. BLAKSLEE. We did nothing in that direction except in connection with this motor-truck service, Senator. I was not going to say anything about that, but we did a lot of experimenting in that motor-truck service, and as a result of that reduced the price on some of the products we carried into this town 43.5 per cent. Now, that was some reduction in the cost of food. The farmer received more than he received through any other means of communication; and the consumer paid 43.5 per cent less for the goods delivered, and the depot that you referred to was in the nature of community centers, Government department stores, and in our garage stored a large quantity of produce that we delivered direct to the commission merchants in the town as well as to individuals, making a depot, as you might call it, out of our garage. On these routes we carried live fowls and other articles that are not generally carried in the mails. Live fowls are not admitted to the mails, except on motor-truck routes, and this matter enormously increased the quantity of mail matter carried on the routes.

The CHAIRMAN. Have you established or attempted to establish any of these depots in any other places?

Mr. BLAKSLEE. No, sir.

The CHAIRMAN. Have you learned anything about the attempts of cities to establish those community markets?

Mr. BLAKSLEE. Yes. While we were attempting to distribute surplus Army foodstuffs through the post offices, numerous cities opened depots and numerous cities operated city markets. It did not get anywhere. The reason they fell down, and the reason that all transportation efforts of this kind fall down, is found in the cost of transportation. Transportation may be profitable between two fixed termini, one in the country, the other in the city, but the cost of distribution after arrival at terminals is the thing that breaks up nine-tenths of the trucking concerns, and breaks up nine-tenths of these municipal community depots, or municipally operated depots.

The CHAIRMAN. Well, I had one case in mind that I was interested in following—a depot established for the farmer, a farmers' market, where the stuff was brought. The Post Office Department tried to assist to some extent, too, in helping to bring its stuff by parcels post, but it was discovered, in the first place, that the farmer wanted the same price for his stuff when he got it into the market that the retailer asked for it, claiming his stuff was fresh and claiming it was worth more, but he should receive the same price for it, and it was also discovered soon that the thrifty merchant was on hand at the market to absorb the stuff before the consumer got to it.

Mr. BLAKSLEE. Senator, that is true. In every instance where we established lines, the farmer increased the price of his product. The answer to that is this: It is a good thing if he does, because you will get more producers and a greater quantity of production if he gets more money for it. That is a good sign, but the thing that happens is this, Senator: That while he goes up he does not go up to the maximum price of the product as it now appears at the door of the consumer, nor is the farmer's price as low as he is now compelled to sell it where he had no transportation facilities.

The CHAIRMAN. I have some friends living in the country from whom I have been in the habit of getting things; and I discovered when I was home I had to pay the market price of the town and I went out after the goods and delivered them myself.

Mr. BLAKSLEE. Well, we had this experience: We purchased about 5,000 bushels of potatoes in the northern neck of Virginia, at 78 cents a bushel at the farm, transported them into town, and delivered them in the household of the patron at \$1.30 a bushel, all postage charges included, which was approximately \$1.50 less than you could buy them anywhere in town, wholesale or retail.

The CHAIRMAN. What effect did that have on the prices of other places in the city on potatoes?

Mr. BLAKSLEE. We did not bring enough in to affect the market at all, that I could see; that is, retail prices. Five thousand bushels of potatoes in this town, during this period over which we conducted that experiment, did not affect the local market at all.

The CHAIRMAN. Well, then, all you could hope to do would be to benefit the limited number of farmers and the limited number of purchasers that could be accommodated by the parcel post?

Mr. BLAKSLEE. That is, under the present system of transportation. Of course, there would be a vastly increased number that would benefit were the rural carriers to do their share, and were there an in-

creased number of available lines of transportation. The principle was established that it would affect the cost of foodstuffs. That is the only thing we could do with the appropriation; the only thing we could do with the appropriation was to attempt to establish the principle.

The CHAIRMAN. Has your experimenting with the truck service this year been more satisfactory than it was last year?

Mr. BLAKSLEE. Very much more.

The CHAIRMAN. Have you kept the accounts differently from the way the accounts were kept last year?

Mr. BLAKSLEE. We have attempted to do so, but it is a very difficult thing to keep accurate records on the movement; and I tried to submit accurate records, and said so last year, but I do not claim it is accurate. I simply state that we did the best we could, because we move an enormous quantity of mailable matter, and we can not delay the mails to count the number of pieces, the exact postage on every piece. We were very accurate as to the cost of transportation, but as to the revenues we admit we were not accurate. We could not delay the mails to insure accuracy of accounting. We carried, for instance, approximately 200 pounds of first-class matter out of Baltimore daily. Now, if we delayed each shipment to count each piece and count the postage on each piece, it would mean a delay of from two to three hours, so we had to estimate the amounts, and we were not accurate. I admitted that before, and I admit it yet. As to the revenue, we estimate the revenue, but we are accurate on the expense involved. This year, instead of arguing the question from a postal-service basis, as I did last year, instead of saying it was any great addition to the postal facilities of transmission, either in service or revenues, I argued this year that it reduced the cost of living to the postal patrons by 43.5 per cent, and produced evidence to that effect, on several articles we transported.

The CHAIRMAN. Do you have any of these truck lines running out of any other place except Washington?

Mr. BLAKSLEE. Philadelphia, one line; that is all.

The CHAIRMAN. Does that also reduce the cost?

Mr. BLAKSLEE. Yes, sir; to those who are able to patronize it. Of course, that is very limited, carrying maybe 4 tons of matter a day.

Senator PHIPPS. How many trucks?

Mr. BLAKSLEE. One truck.

Senator PHIPPS. One truck?

Mr. BLAKSLEE. Yes. Senator, I think if you would understand this motor-truck service, it is nothing more than a type of rural delivery.

The CHAIRMAN. I recognize that is what your report attempted to make of it, but that was not the object of the establishment of the route, was it?

Mr. BLAKSLEE. Oh, no; there were various reasons; we thought we could encourage transporting of foodstuffs.

Senator DIAL. Well, you have the actual records of costs?

Mr. BLAKSLEE. Yes, sir; we have.

Senator DIAL. And I should think you could approximate a very close estimate of revenue. Are you encouraged to believe that it would be a self-supporting branch of the service?

Mr. BLAKSLEE. Yes, sir; I do think it would be self-supporting. You understand, Senator, if it were to include the postal revenues from first-class mail it would be a vastly profitable operation, but the revenues from first-class mail is not the right thing to utilize as a basis of earnings on this service.

Senator DIAL. No.

Mr. BLAKSLEE. We, therefore, calculated the earnings on fourth-class mail only this year, and it may be possible that the parcel post alone will meet the expenses of operation, and to that end I show where it cost the Government \$35 for the direct cost on various shipments. That is, we lost \$35 on these shipments, but saved the consumer \$6,600 on the price of the article. We, therefore, performed a distinct service worth \$6,600 to the people. Now, whether the Postal Service made money or not, that is the result to the postal patron, or the public.

The CHAIRMAN. Well, is there anything further you want to say about the rural carriers?

Mr. BLAKSLEE. Nothing further that I can say.

The CHAIRMAN. How did you select those letters?

Mr. BLAKSLEE. Selected them at random; we did not attempt to pick out the vicious ones. Here is about an ordinary one:

"The farmer don't make the high cost of living at this place; the middlemen make it. The farmer don't get as much for his work as he got five years ago. Five years ago I got \$1 for my potatoes; today I get \$1 for them and pay four times as much for fertilizer and machinery to raise them," etc.

The CHAIRMAN. Well, do you have an idea that you would establish in the parcels post a system of handling all of the farmers' potatoes?

Mr. BLAKSLEE. Not by any means. In Lehigh County, Pa., in one year the farmers raised 4,000,000 bushels of potatoes; it would take several 5-ton trucks to convey this single product for that one county alone.

The CHAIRMAN. The best you could hope for would be that it would be a partial benefit.

Mr. BLAKSLEE. A partial benefit to the public and to other means of transportation such as the railroads, and thousands and thousands of tons of foodstuffs that now never reach the railroads would be carried to them for long-distance haul.

Senator DIAL. And in that operation you anticipate even as a result of these 200,000 letters you have sent out, that you are going to have some increase in the transportation of these materials, which is going to bring complaint on the part of your rural carriers unless you give them additional compensation for the extra work they will do.

Mr. BLAKSLEE. That is part of the reason; these letters going out will encourage the farmer to ship greater quantities of foodstuffs by the rural carrier, and he, in turn, will put the same question to you Senators that he put to Senator Smith, "Where do I get off? What is there in the postal laws and regulations to meet this cost?" That is what the rural carrier will say.

The CHAIRMAN. There is no idea in your mind of trying to discourage the present rural delivery service as it exists to-day?

Mr. BLAKSLEE. Oh, no, Senator; far from it.

The CHAIRMAN. You do not want to do something that would cause so many resignations that the contract system would be inevitable?

Mr. BLAKSLEE. No; I would rather get along peaceably and harmoniously, but I do want to see the rural delivery service used, and it is not being used to-day.

The CHAIRMAN. Well, do you not think it would be a good idea, after you have sent out these letters—we had supposed that the farmers were generally informed as to the possibilities of the use of rural delivery service—do you think that after that would be a better time to demonstrate whether they had used the facilities or not?

Mr. BLAKSLEE. After they receive these letters and after they act on them?

The CHAIRMAN. Yes.

Mr. BLAKSLEE. Yes; I have no doubt about it. There is no question but what they are going to have a beneficial effect among the farmers and many farmers will use the mail service that have never used it heretofore, and have not known of the practicability of using it.

The CHAIRMAN. I have no doubt in many sections of the country that might be true, but my own experience is that farmers generally have their automobiles, and are getting them everywhere, and the wife or daughter rather like the trip, like to take a spin into town with the products to sell them there.

Mr. BLAKSLEE. That is true, too.

The CHAIRMAN. And I do not believe that they could be induced to use the mail service in all cases that they can serve with their own automobiles.

Mr. BLAKSLEE. That is true, too. But, there is also this other possibility, that the farmer has no labor and man power to operate his farm, and as soon as he sees, by the use of these facilities, that he will conserve labor instead of driving 8 miles into a town and back and paying \$2.50 for the delivery of a cream separator, that he can get his products moved for 75 cents by mail, he is not going to waste the hired man's time; he would use the mails.

Again, there is this, farmers carry all of the material that they themselves can transport satisfactorily to themselves, but there still remains on the farm a quantity of produce that is wasted, rots in the field, unless something moves it. If they can get a reasonable price for that type of produce they will ship it, and that was about what happened in the case of 75 crates of cantaloupes that we brought from the eastern shore of Maryland into this city and sold for 4 cents apiece. The farmer had no market for the cantaloupes, and he sold them for 2 cents each, otherwise they would have spoiled in the fields. The local market price was around 15 or 20 cents each. Now, the cantaloupes were surplus products on his farm with no market for it, and he was delighted to use the mails and get some revenue instead of a total loss. That farm was located 130 miles from Washington, D. C. He certainly would never hitch up his Ford car nor his old Dobbin and start for Washington to sell that produce; it would take him a couple of days to do it.

Senator PHIPPS. Well, the same as in the express business, and moving produce, and, of course, in the handling of milk there is always the problem of getting the container back to the original shipper.

Mr. BLAKSLEE. Yes.

Senator PHIPPS. Now, that same plan or something similar could be worked out in the Parcel-Post Service, could it not?

Mr. BLAKSLEE. Yes. We really ought to have the appropriation again for another year until we are able to work out the final advantages of it. We have made steps forward every year we have been on this experiment. We have learned new things every year. The first thing, for instance, concerning the quantities transported, which is indicative of the popularity of the service; the first year we operated the line from here to Leonardtown, Md., for instance, we carried—I remember the postmaster wrote me a letter that we had carried 28 pieces of 110 pounds. Very encouraging. That was in June, 1915. The second year we carried 20,000 pounds in the month of November—1916. The third year, 43,000 pounds, the fourth year, 70,000 pounds. Last year, the fifth year that route was in operation, we carried 91,000 pounds, all in November of each year.

Senator PHIPPS. Doubled every year?

Mr. BLAKSLEE. Almost doubled every year. Now, we learned a lot of things. We learned how the producers wanted to do business, and how we could provide facilities to help them do business; we learned what the consumer wanted, and we learned how to put the consumer in some touch with that business. That was what developed the increase in the business. At first, only a few pounds, and then four or five pounds, and then a general demand. That is just what happened when we took over a star route between Helper and Vernal, Utah; the heaviest load carried over that route in one month was 199,000 pounds by a contractor. Last month we carried in Government-owned vehicles 597,000 pounds.

Senator PHIPPS. Practically three to one?

Mr. BLAKSLEE. Practically three to one. Every pound of that increase is shipped via railroad to destination; instead of getting 200,000 pounds in a month the railroads got 600,000 pounds. It is a successful proposition.

Senator PHIPPS. Well, as Senator Dial says, one of the difficulties in the way is furnishing a supply of proper containers.

Mr. BLAKSLEE. Yes; and moving them back continually. We are urging them to furnish the sack for the potato. Some companies—corporations, you know—return the container free of charge. The shippers simply pay for the transportation of the empty container on the freight charges on the same loaded.

Senator PHIPPS. The trouble with those containers is they occupy as much space when they are empty as when they are loaded.

Mr. BLAKSLEE. Yes.

Senator PHIPPS. And your revenue, if you charge the consumer per pound, is comparatively light?

Mr. BLAKSLEE. I had an interesting conversation with a producer of milk from Purcellville, Va. The normal price in Washington is 18 cents per quart. Some middle men here are asking 20 cents. This purchaser sells milk in Washington at 14.5 cents per quart—

that is, 4 per cent milk, as they call it—to drug stores and to hotels. I interrogated this gentleman on the question of the price that he paid to other producers who sold milk to him at his depot at Purcellville, and I found we could not deliver it by parcel post under 15.5 per quart, or 1 cent more than he was getting. Well, I next sent a representative out to find out whether he paid 16.5 cents to all producers, and I learned that there is some question about that.

Senator PHIPPS. It may be a question of percentage of water he adds to the milk.

Mr. BLAKSLEE. Yes; they all do that. It is most interesting, and I regret very much that the House has decided to cut out that \$300,000. It was a very small sum of money, and it might have been utilized for further experimentation. We would have learned in the next year considerably more about the movement of food products.

Senator PHIPPS. That is, your requested appropriation for the motor-truck service?

Mr. BLAKSLEE. Yes; \$300,000.

Senator PHIPPS. How did that compare with what you used last year?

Mr. BLAKSLEE. The same as we had last year.

Senator PHIPPS. The same amount.

Mr. BLAKSLEE. Yes.

Senator PHIPPS. You had not asked for any increase?

Mr. BLAKSLEE. No.

Senator PHIPPS. Simply went out on a point of order in the House?

Mr. BLAKSLEE. That is all.

Senator PHIPPS. Was there any serious objection to it on the part of the committee?

Mr. BLAKSLEE. No, sir; the committee favored it and reported it to the House, and it went out on a point of order.

Senator STERLING. So there is no appropriation for that?

Mr. BLAKSLEE. Not in the bill as it stands; no.

Senator PHIPPS. Do I understand you strongly recommend the retention of that appropriation?

Mr. BLAKSLEE. I do, personally.

Senator PHIPPS. Is there any special law bearing upon the point?

Mr. BLAKSLEE. There is none that I know of at this time. I made no representations on the subject since it left the House, and the Postmaster General has not been called on for a statement, although the Postmaster General made a report of the performance of the service last year, as required by the legislation that provided for the service last year.

Senator PHIPPS. Well, do you not consider it of sufficient importance to furnish this committee with a special letter of recommendation from the Postmaster General and yourself?

Mr. BLAKSLEE. I shall be glad to ask him for it if the committee wants it.

Senator PHIPPS. Without in any way committing myself, I would like to have you do that, sir.

Mr. BLAKSLEE. All right, sir; I will tell him.

I might add to the record on this experiment we have just negotiated for transportation from the northern shore of Virginia to the Maryland side of the Potomac River by boat, to carry trucks across direct. It would bring that entire producing section of northern Virginia, in which there are no rail facilities, and at this time no water facilities.

Senator PHIPPS. How about the road facilities?

Mr. BLAKSLEE. Well, they have none of that type worth mentioning; they have perfectly wretched facilities down there, road facilities; it is frightful. This will bring that territory, in which there are 500 small post offices, within 70 miles of the city. At the present time, moving by rail and truck service, food products must cover 140 miles to get to the consuming territory.

Senator STERLING. Well, now, you maintain, Mr. Blakslee, that there is a saving to the consumer simply in the freight or transportation charges.

Mr. BLAKSLEE. Unquestionably. We have some very pathetic letters on the subject, of course, from the producers, who feeling they are not going to have the service next year, are very much alarmed, etc.; and there is another type of letter we are receiving, Senator Sterling. In territory where there are no adequate rail or water facilities, the producer wants to ship 100 or 125 pounds; it may be a barrel of apples or a can of milk. There are no other facilities except ours. In such undeveloped territory the patrons write very pathetic and appealing letters asking for a modification of the weight limit.

Here is a type of letter:

Will you please help us out here, as you have given us the best mail service this isolated country has ever had, please, as we have no railroad and now no steamboats—rivers and bays iced over. Allow your motor trucks to take our goods to market—our nearest market, Washington, D. C.—especially such articles as pork. We can't cut dressed hogs and lambs into 70-pound packages; and as the motor trucks can conveniently carry such produce without interfering in the least with other mail and will add hundreds of thousands to revenue for Post Office Department, please extend weight for shipment by motor trucks from this isolated section of southern Maryland. Please act at once.

That is the kind of letters we are getting right along.

Senator STERLING. Now, Mr. Blakslee, have you not discovered a disposition on the part of some of these producers of farm products to go up on the price?

Mr. BLAKSLEE. Exactly.

Senator STERLING. So that, after all, it will get to the consumer at the same price as it costs by the other means of transportation?

Mr. BLAKSLEE. You are right there, and that is the reason I say we must increase production; you must get a greater number of producers to engage in the production of foodstuffs, and the only way to get them is to make it lucrative to them.

Senator STERLING. Oh, that is fundamental; I think you are right.

Mr. BLAKSLEE. That is what we are trying to do, and in territory where there are no rail or water facilities, for instance, like that on that star route. I mentioned, where the contractor handled 199,000 pounds, and under the truck system we carried 579,000 pounds in one month. What was the reason we carried this great increase? We have forty trucks on that line, and we therefore have adequate equipment. Now, a contractor has a contract for a specified sum,

and he will buy equipment just in proportion to that sum; no more, no less.

Senator STERLING. But independently of that, independently of the increased production, the tendency on the part of the producer is to charge the market price.

Mr. BLAKSLEE. Oh, every time. Now, let us assume that to be true also. We find that right around here. They take the morning papers from Baltimore and base the price of their eggs at the farm on the wholesale price in Baltimore. Suppose they do. Suppose the price of eggs is 72 cents a dozen in the Baltimore market; add 3 cents a dozen postage to it, and the price is 75 cents a dozen to the consumer. The price of eggs in this town is 95 cents retail. You get the idea? If the consumer can get in touch with this producer, the producer will sell at 72 cents a dozen, which is the wholesale market price.

Senator STERLING. I get my eggs in the same way, and there is some difference; I do not know just what it is.

Mr. BLAKSLEE. It is around 10 or 12 cents a dozen saving.

Senator STERLING. You have covered all of the items in the bill that you wished to call attention to?

Mr. BLAKSLEE. That is all I had to call attention to, was the rural-delivery feature and the question of the metal parts and the canvas incident to the manufacture of mail equipment.

Senator STERLING. Suppose you were given the power to make contracts for Rural Delivery Service, and you should greatly increase the pay in this or that locality, would not that tend to create discontent, and would you not be besieged by the fellows whose salaries had not been increased.

Mr. BLAKSLEE. Well, there is no doubt but what the department would be continually subject to pressure to increase the compensation on what subterfuge or another. That is the case to-day. Congress provided an amendment to the effect that if the carrier transported locked pouches, and they caused any material increase in the cost of the carrier's equipment, or cost of work performed by the carrier, or in the labor performed by the carrier, that then the Postmaster General should increase the compensation of the carrier not to exceed \$12 per mile per annum. Well, on that subterfuge, we have been besieged by carriers who want us to increase their compensation, even though the locked pouch, in some instances, did not add 10 pounds to the weight of the mail they formerly carried, but as a subterfuge for increasing the pay it was a very plausible argument to bring up.

In every instance we adopted the usual custom; a representative of the department would visit the route and make an investigation of the material increase in the weight and the material increase in the cost, whereupon, if there was any, it would be allowed; if there was not it would not; that was all there was to it.

The same thing applies in connection with a sliding scale of compensation based upon the number of pieces or the weight of the mail. They would have to be of clearly established merit. That is the only way to handle it.

Senator PHIPPS. Well, as I understand your present recommendation, you would like authority to regulate the rates of certain rural carrier's compensation based upon the service performed.

Mr. BLAKSLEE. Yes, sir.

Senator PHIPPS. Rather than a flat increase. Will you suggest an amendment to this proposed bill in the form—

Mr. BLAKSLEE. The Chairman has it.

Senator PHIPPS. He has it?

Mr. BLAKSLEE. Yes, sir; and the Postmaster General's recommendation is here with it.

Senator PHIPPS. That is covered in this Parrish resolution?

Mr. BLAKSLEE. It is not in the resolution itself, but the chairman has the recommendation of the Postmaster General here. The minimum compensation would not be increased above \$1,520 a year, but between \$1,520 and the maximum, which should be unlimited and that a carrier may be paid for in proportion to the work or expense he had to go to. That is the only way to make this increase applicable in a legitimate manner. That is our contention. Some carriers are undoubtedly overpaid.

(The letter of the Postmaster General and the suggested legislation are here printed in full, as follows:)

JANUARY 29, 1920.

Hon. C. E. TOWNSEND,

*Chairman Committee on Post Offices and Post Roads,  
United States Senate.*

MY DEAR SENATOR TOWNSEND: The department is in receipt of your communication of the 27th instant; inclosing a copy of suggested legislation in regard to the pay of rural carriers.

I can not too strongly recommend the passage of such legislation. Its enactment would remove some of the restrictions on the maintenance and establishment of rural mail service so as to enable the department to utilize in a practicable manner this existing postal facility to reduce the cost of living. It would also make it possible for the department to pay adequate compensation to rural carriers, who are required to provide vehicles of sufficient capacity to haul an appreciable quantity of foodstuffs, which can not be done under the present law. Unless such legislation is enacted it will be impossible to utilize the rural mail service as now constituted, for the movement of foodstuffs from producer to consumer in an efficient and economical manner in territory where no other means of transportation are available or practicable. This legislation would enable the Post Office Department to perform its part in the effort being made to cut the cost of foodstuffs, commodities, and merchandise to the consumer and at the same time increase the return to the producer.

Under the existing law the length of the route is the sole factor taken into consideration in fixing the pay of rural carriers. The suggested legislation proposes that the number of pounds and weight of mail handled and the time consumed in serving the routes shall also be determining factors. The equity of this is apparent. It would also allow the department to give due consideration to road and climatic conditions, which is impossible under existing law.

The proposed plan is by far the best and fairest, in the judgment of the department, that has been devised, and, as before stated, I am heartily in favor of its enactment into law.

It is well to note in this connection that with this change of law the sum of \$68,800,000 carried in the postal appropriation bill for the current fiscal year would be adequate for the conduct of the Rural Mail Service for the fiscal year 1921, and, therefore, it would not be necessary to appropriate an additional \$9,200,000, as carried in the House bill, which would be required if the existing basis of compensation is to be continued, but which, as it can be readily obviated by the suggested legislation, would be an extravagant and wasteful expenditure of the public funds.

Sincerely yours,

J. C. KOONS,  
*Acting Postmaster General.*

## SUGGESTED LEGISLATION.

*Be it enacted, etc.*, That on and after July 1, 1920, the minimum rates of compensation of all rural carriers shall be those prescribed by section 2 of the act making appropriation for the service of the Post Office Department for the fiscal year ending June 30, 1920, and for other purposes, approved February 28, 1919, and the maximum compensation of such employees shall be based on the length of their routes, the time required to serve them, and the number of pieces and weight of mail transported; *Provided*, That the limitations on the length of rural routes contained in the act making appropriation for the service of the Post Office Department for the fiscal year ending June 30, 1917, and for other purposes, approved July 28, 1916, be and the same are hereby repealed; *And provided further*, That rural routes on which the use of a motor vehicle would be required may hereafter be established wherever a motor vehicle can be operated thereon with reasonable regularity for at least 10 months a year; *And provided further*, That all laws and parts of laws in conflict herewith are repealed.

**Senator STERLING.** How many inspectors in the Rural Mail Service have you?

**Mr. BLAKSLEE.** None at all. The general inspector's force take rural-delivery cases, and any other cases wherever they appear.

**Senator STERLING.** There is no force specified for that purpose?

**Mr. BLAKSLEE.** No, sir. At the same time, in the future, it may be possible that the Division of Rural Delivery would have to be decentralized on about the same order as the Railway Mail Service. The rural delivery is really one of the three primary functions of postal activity, transportation, treatment, and accounting. All transportation, whether performed by a railway mail train, a rural carrier or a city carrier, or anything else, it is none the less transportation.

**Senator STERLING.** I have noticed, of course, from time to time, that where there is a dispute about a rural mail route, an inspector is sent to investigate as to the facts and make a report to the department. Now, whether he was an inspector regarded especially under the Rural Mail Service and coming under your department as Fourth Assistant, I did not know.

**Mr. BLAKSLEE.** We have no field representatives under our supervision, with the exception of four mechanicians, who note the character, the sufficiency, and the efficiency of the mechanical equipment, such as conveyors, canceling machines, adding machines, typewriters, etc., and they report to me direct as to the needs and character of service performed by these devices.

**Senator STERLING.** This work for which you ask this appropriation of \$2,000,000 was performed in the new building here, I suppose?

**Mr. BLAKSLEE.** Yes.

**Senator STERLING.** Do you find that building answers your purposes?

**Mr. BLAKSLEE.** Well, we are very cramped for room. Our supply division is located in the new post office building and has gradually been constricted in space by the requirements of the city post office, which occupies part of the floor space assigned for distribution of supplies, and we must move the division of supplies from the city Post Office Building very promptly, because last Christmas there was

serious congestion in mailing operations in the city post office, therefore, the Postmaster General has asked for an appropriation of \$25,000 to purchase ground on which to erect a building which will be partly used for the distribution of supplies, or storage of supplies, and partly used for the storage of material for equipment, containers, etc., and that \$25,000 ought to be made available as quickly as possible. We have an option on the property we need, and the reason it should be made immediately available is because we should search for one of the abandoned buildings of the War Department, at some of the camps, or loading plants, or elsewhere before they are sold, and see if we can not secure a building at a nominal price and transport it here and erect it.

The CHAIRMAN. In what item is that?

Mr. BLAKSLEE. That is in the appropriation bill, \$25,000 for the purchase of tract of land adjoining Post Office Department now holds an option.

The CHAIRMAN. What page is that on?

Mr. BLAKSLEE. That is on page 4.

Is hereby appropriated and made available out of any money in the Treasury of the United States not otherwise appropriated.

Senator PHIPPS. Why not take a chance and see what is available?

Mr. BLAKSLEE. I know they have one or two buildings at the Edgewood loading plant or chemical plant, near Baltimore, that would answer our purpose.

The CHAIRMAN. A frame building?

Mr. BLAKSLEE. No; steel frame with terra cotta blocks. That can be taken down and moved very easily.

Senator PHIPPS. Well, I might suggest that some Senator on the floor may pick on that very small item and argue, "Now, here is another thing that is going to be sprung on us, \$25,000 for property, and we have not the slightest idea how many hundreds of thousands will be asked for a building to put on it."

Now, if you think you have something that should be investigated in the next few days, we might be able to—

Mr. BLAKSLEE. We ought to be able to secure the building at a nominal cost from the War Department, in my opinion. Of course, there is no appropriation in there for the erection of the building, nor is there—

The CHAIRMAN. Would that be of a permanent nature?

Mr. BLAKSLEE. Oh, yes; intended for an addition to the equipment shops, which is necessary, and for the accommodation of our supply division, which is located in the city post-office building, gradually being pushed out by the necessities of the postal establishment here in Washington.

The CHAIRMAN. Do you know whether all of these temporary buildings, so-called, most of which were of permanent nature, down on the Mall, or Potomac Park, are all to be used?

Mr. BLAKSLEE. No; I do not know, Senator.

The CHAIRMAN. You do not know what disposition is to be made of those?

Mr. BLAKSLEE. No.

The CHAIRMAN. Are they now used generally by the War Department?

**Mr. BLAKSLEE.** I really do not know that; I know that my application of this building commission, is it not, that is headed by Senator Smoot?

**The CHAIRMAN.** Yes.

**Mr. BLAKSLEE.** For 50,000 feet of space, but they apparently can not find it anywhere in Washington. That was the notice we received in reply to our request for 50,000 feet of space with which to accommodate the supply division.

**The CHAIRMAN.** Now, they are proposing to move the Shipping Board's activities from Philadelphia down here, and what they are going to do with the personnel is another question.

Well, is there anything further you want to bring to our attention, Mr. Blakslee?

**Mr. BLAKSLEE.** That is all I had in mind.

**The CHAIRMAN.** Now, we want to consider this bill, as I have said to the other heads of the departments, we will probably want to call upon you for some information when we get this prepared and we get to considering this bill, then, these matters will come up, and we might need further information in regard to them, and we may call on you to submit documents, or something of that sort that we may require, and I suppose we can get you almost any time.

**Mr. BLAKSLEE.** Oh, yes; I will be right here.

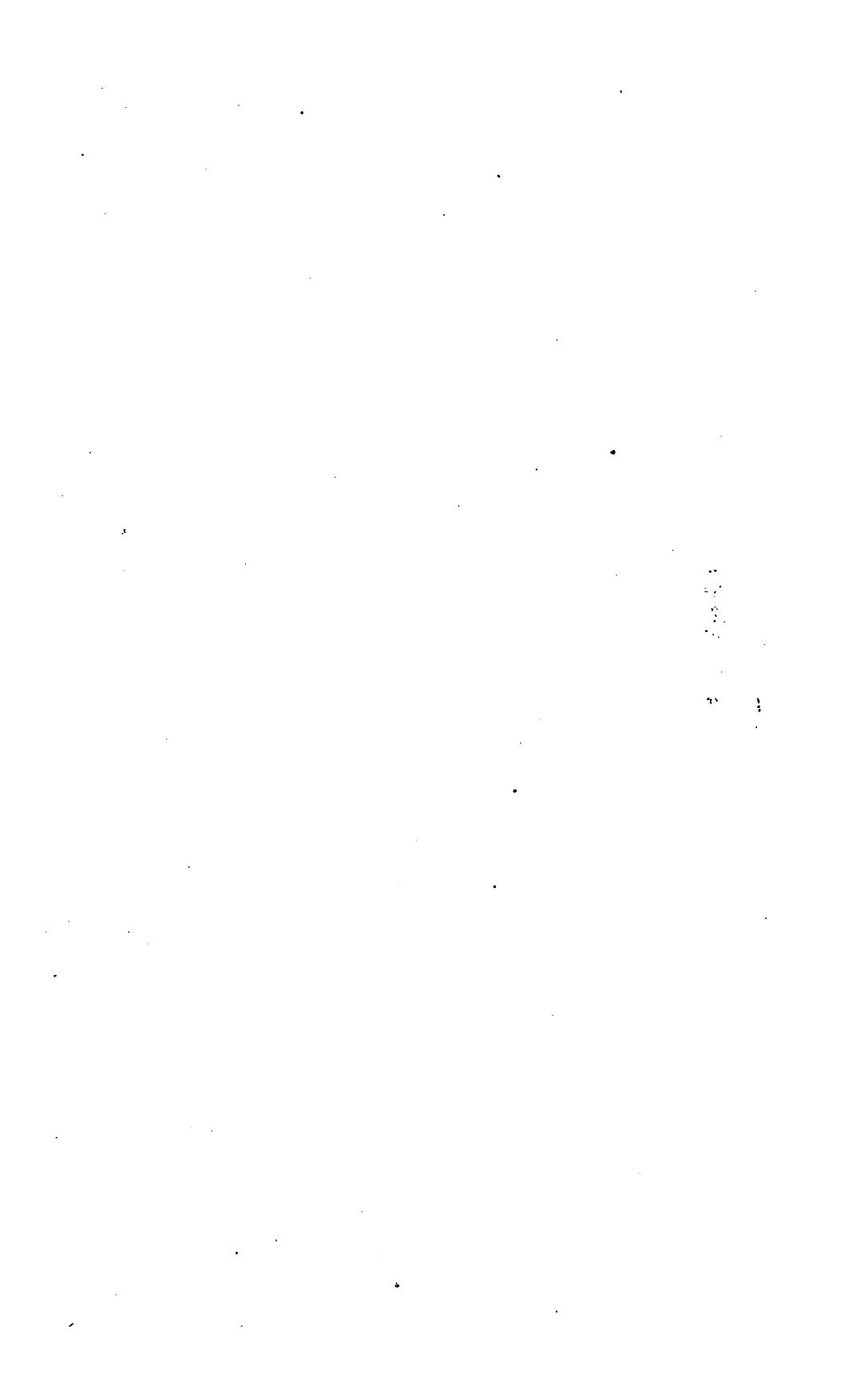
**The CHAIRMAN.** Are there any questions you want to ask, gentlemen?

**Senator STERLING.** Nothing further.

**Senator PHIPPS.** I think we have covered everything.

**The CHAIRMAN.** Very much obliged to you, Mr. Blakslee. We are going into these questions, all of them, as soon as we get through with the hearings, and then we may want some other information.

(Whereupon at 12.45 p. m. the committee adjourned.)



# POST OFFICE APPROPRIATION BILL, 1921.

MONDAY, FEBRUARY 2, 1920.

SUBCOMMITTEE ON POST OFFICES AND POST ROADS,  
UNITED STATES SENATE,  
Washington, D. C.

The committee met, pursuant to call, at 10.30 a. m., in the committee room, Capitol, Senator Charles E. Townsend presiding.

Present: Senators Townsend (chairman), Sterling, Phipps, and Henderson.

The CHAIRMAN. Senator Henderson, for your information I will say that Congressman Parrish, of a Texas district, came to me and presented a condition which exists down in Texas and we afterwards learned from the Postmaster General's Department, the Fourth Assistant, in some other places in the country—for instance, where oil fields had been discovered and cities had been built almost overnight and the unusual traffic over the roads had practically destroyed them—in such cases the rural carriers serving such places were unable or unwilling to continue in the service without additional compensation, and Mr. Parrish asked for some special legislation on it.

I asked him to prepare an amendment and give it to one of his Senators and have him introduce it and refer it to this committee when I would refer it to the Post Office Department.

An amendment was proposed, but I do not know whether one of the Senators introduced it in the Senate or not, but it was handed to me and I sent it to the department. The department had appeared through Mr. Koons a day or two before that, when I presented the case exactly as Mr. Parrish had presented it to me, and Mr. Koons objected to it on the ground that it would establish a precedent, which would make it incumbent upon the department to consider thousands of special cases requiring peculiar relief, and he thought it was a bad policy.

I did not read the amendment that was handed to me, but it appears that this amendment as presented to the department was approved by it. I will read the amendment first. This is suggested legislation:

*Be it enacted, etc.*, That on and after July 1, 1920, the minimum rates and compensation of rural carriers shall be those prescribed by section 2 of the act making appropriation for the service of the Post Office Department for the fiscal year ended June 30, 1920, and for other purposes, approved February 28, 1918, and the maximum compensation of such employees shall be based on the length of the routes, the time required to serve them, and the number of pieces and weight of mail transported: *Provided*, That the limitations on the length of rural routes contained in the act making appropriation for the service

of the Post Office Department for the fiscal year ended June 30, 1917, and for other purposes, approved July 28, 1916, be, and the same are hereby, repealed: *And provided further*, That rural routes on which the use of a motor vehicle would be required may hereafter be established wherever a motor vehicle can be operated thereon with reasonable regularity for at least 10 months of the year: *And provided further*, That all laws and parts of laws in conflict here-with are repealed.

That was not the proposition that Mr. Parrish submitted to me. This is the answer to my letter to the Postmaster General on that proposition:

OFFICE OF THE POSTMASTER GENERAL,  
Washington D. C., January 29, 1920.

Hon. C. E. TOWNSEND,

*Chairman Committee on Post Offices and Post Roads,*

*United States Senate.*

MY DEAR SENATOR TOWNSEND: The department is in receipt of your communication of the 27th instant, inclosing a copy of suggested legislation in regard to the pay of rural carriers.

I can not too strongly recommend the passage of such legislation. Its enactment would remove some of the restrictions on the maintenance and establishment of rural mail service so as to enable the department to utilize in a practicable manner this existing postal facility to reduce the cost of living. It would also make it possible for the department to pay adequate compensation to rural carriers who are required to provide vehicles of sufficient capacity to haul an appreciable quantity of foodstuffs, which can not be done under the present law. Unless such legislation is enacted, it will be impossible to utilize the rural mail service, as now constituted, for the movement of foodstuffs from producer to consumer in an efficient and economical manner in territory where no other means of transportation are available or practicable. This legislation would enable the Post Office Department to perform its part in the effort being made to cut the cost of foodstuffs, commodities, and merchandise to the consumer and at the same time increase the return to the producer.

Under the existing law the length of the route is the sole factor taken into consideration in fixing the pay of rural carriers. The suggested legislation proposes that the number of pounds and weight of mail handled and the time consumed in serving the routes shall also be determining factors. The equity of this is apparent. It would also allow the department to give due consideration to road and climatic conditions which is impossible under existing law.

The proposed plan is by far the best and fairest, in the judgment of the department, that has been devised, and, as before stated, I am heartily in favor of its enactment into law.

It is well to note in this connection that with this change of law the sum of \$68,800,000 carried in the postal appropriation bill for the current fiscal year would be adequate for the conduct of the rural mail service for the fiscal year 1921, and therefore it would not be necessary to appropriate an additional \$9,200,000, as carried in the House bill, which would be required if the existing basis of compensation is to be continued, but which, as it can be readily obviated by the suggested legislation, would be an extravagant and wasteful expenditure of the public funds.

Sincerely, yours,

J. C. KOONS,  
*Acting Postmaster General.*

That means, of course, that the additional compensation, or emergency compensation, which we granted, would not maintain, but we would go back to the old bill as originally enacted for the fiscal year ended 1920. It would mean giving to the Postmaster General discretion as to fixing the compensation. He provides that the minimum shall not be less than the salary now fixed for the maximum route. Of course, those less than that will take the same pro rata proportion less, and would increase the compensation of those carriers who have the heavier mails.

Now, that was his suggestion, and was, as I said, not the suggestion of Congressman Parrish, who wanted legislation giving discretionary powers to the Postmaster General whereby he could increase the present compensation of carriers who are working under extraordinary conditions.

Mr. W. D. Brown represents the rural carriers, or a large portion of them, and we have asked him to come in this morning and tell us what he thinks about that proposition, so we will hear from Mr. Brown.

**STATEMENT OF MR. W. D. BROWN, REPRESENTING THE NATIONAL RURAL LETTER CARRIERS' ASSOCIATION.**

**Mr. Brown.** Mr. Chairman and gentleman, we had a little test of the discretion of the department in adjusting salaries in 1914, as you will recall. In that year the pay of rural carriers was raised from \$1,100 to \$1,200, and the same phraseology was employed in increasing the compensation as had been employed in previous appropriation bills. The Postmaster General took it upon himself to place his own interpretation upon the phraseology of the bill, and instead of giving the men the \$1,200 that Congress had intended he should give, a great many of them got no increase at all, some of them \$4—raised their pay from \$1,100 to \$1,104—some one amount and some another, and some few got the full \$1,200.

Mr. Chairman, I realize that the proper conduct of the business of the Post Office Department does require a wide range of latitude, administrative authority, but it seems to me in this matter of salaries for rural letter carriers particularly, that Congress ought to go very slow in the light of past experience.

I heard the Fourth Assistant Postmaster General say last Friday that if you would allow him to adjust these salaries to suit himself that he could do it and not increase the appropriation one dollar; and that is just as that letter says there. Now, Mr. Blakslee apparently does not know what the pay of rural carriers is. When he referred to it first he referred to it as the pay of three or four years ago. As a matter of fact, the pay of three and four years ago was \$1,200. Mr. Wood corrected him and said \$1,500, and then Mr. Blakslee settled on \$1,520 as the basis of pay that he wanted, and he said that he could raise the pay of some of these men as high as \$3,600 a year and still not increase the total amount of the appropriation.

Now, Mr. Chairman, you heard him say that resignations are taking place in the Rural Delivery Service to-day at the rate of 50 per day; that now there are 4,300 vacancies, unfilled, in the Rural Delivery Service; and yet he has the assurance to come before this committee and say that if he is allowed to jockey the salaries as he sees fit—reduce the standard pay from \$1,700 to \$1,500 and raise others, as he says, keeping always within the total of the appropriation—that he can satisfy the men and render good and efficient rural-delivery service.

I will tell you, Mr. Chairman, he can not do it. It is not reasonable that he can do it. Why, here are men leaving the service to-day at the rate of 50 per day because they can get better pay elsewhere, and you asked him yourself if this was in congested districts.

like Detroit and other places, and he said to a very large extent. I know it is so in those territories, and I know it is so all over the country. Men are leaving the service more rapidly than they ever have, because they can get more pay in other lines of work.

Now, if, in accordance with Mr. Blakslees's recommendations, you reduce this maximum pay to \$1,500, what will be the result? You heard him say that that will bring the man's pay to \$1,200, leaving \$300 which is required for him to keep up his equipment. Absolutely wrong, and if he did not know any better he ought to have known better, that a man can not keep up his equipment in rural delivery service for anything like \$300 a year. We have on file with the joint commission over 43,000 questionnaires, and I was with that commission at every place they held their investigations, and I heard the rural carriers all over the country testify, and they told their own story, without any prompting or any suggestion from me, and there was not a single one of them that fixed the cost at less than \$600 to \$700 a year to keep up their equipment, and for this man to come here and say that the rural letter carriers can keep up their equipment for \$300 a year. \$25 a month, is wrong, and he ought to know it is wrong, if he knows anything about the service.

It does not cost a man less than \$700 a year, average, throughout the country, to keep up his equipment for this service.

Now, with a maximum pay of \$1,700, and you take off \$700 for equipment, you leave a man only \$1,000. Now, compare that with the mounted city carrier service in the cities. A mounted city carrier enters the service at \$1,200. For a certain length of time he receives his promotions automatically until he gets \$1,650. In addition to that he is allowed the total cost of his equipment maintenance. The mounted city letter carrier is the only man that is comparable in any way with the rural letter carrier, the only difference being that the rural letter carrier is a postmaster, and he does all sorts of things that a mounted city carrier does not do. Of course, the basic pay now is \$50 in favor of the rural letter carrier, but the allowance for maintenance equipment for the mounted carrier takes in everything that it costs him, and the rural carrier has nothing.

This matter of resignations in rural delivery service is a very serious matter. You can not cure it by reducing the pay of the men. They are resigning because the pay is inadequate now; you can not cure it by reducing the pay.

Now, I heard the Fourth Assistant Postmaster General say here Friday that one fault that he had to find with the rural letter carrier was that they discouraged the shipment of farm products.

The CHAIRMAN. That was, the farmer's sympathy for the carriers.

Mr. BROWN. The farmer's sympathy with the carriers. He intimated that the rural letter carrier ought to get out and solicit business from the farmer. Why, Mr. Chairman, that is not the function of a rural letter carrier any more than it is the function of the city letter carrier, or any more than it is the function of the railroad conductor or engineer to get out and solicit business for the railroad. The business of the rural letter carrier is to take the business that is offered to him and handle it as expeditiously and safely as possible. That is his business. It is not his business to get out and solicit

business for the Post Office Department. Suppose he did. Suppose he got an important letter, you are a patron on the rural delivery service and you have important mail that you are waiting for, and the rural carrier stops to solicit business along his route and your mail is not dispatched, it is subjected to delay, who is going to be criticized for it? Why, the rural letter carrier.

It is not fair to charge these men with that sort of thing. They do everything that they are called upon to do, and more. Now, if the Post Office Department wants to advertise the parcel-post business, it is the Post Office Department's business to advertise it; not the employees. They have all sorts of money, apparently, to spend on all sort of things. We heard the Fourth Assistant say he had sent out 200,000 questionnaires on farm economics, and things of that sort, and he is going to send out a couple of million more on that, and I wondered, Mr. Chairman, when I heard him, if that was the reason that we can not get any better service down in the Post Office Department, because the Post Office Department is investigating statistics and that sort of thing instead of leaving it to the proper department of the Government to do it.

It is the business of the Post Office Department to handle the mail, and handle it as efficiently as possible, and efficiency in the Postal Service is getting the mail from the sender to the addressee in the shortest possible time, and in the best possible condition, and that is all there is to the Postal Service, and that is all that is required of the men.

Now, if you commence to reduce the salary from what it is now to \$1,500, you commence right then and there to ruin the rural delivery service. The men can not stand it; they will not stand it; they are resigning now at the rate of 50 a day, and although I have heard expressions from the committee indirectly that you did not want to open up this question of salaries, in justice to my clients I must recommend this to you and ask that you give favorable consideration to it:

Put us on an equal salary with that of the mounted city letter carrier when he goes into the service, and what will that be? Give us 60 per cent increase over the \$1,200 basic pay, and that is the only basic pay we have right now, \$1,200; the balance is temporary, emergency legislation—give us 60 per cent over \$1,200, making \$1,920 for the standard rural delivery route, and that will leave \$1,200 for a man to take care of his family after keeping up his equipment.

Now, that may seem like an unreasonable proposition, but it is not unreasonable. I know more about the rural delivery service and those in the service than any man in the country; I know more rural letter carriers than any man in the country; I travel all over the United States, and I see these men and talk with them and know about their conditions, and I say to you, gentlemen of this committee, you will not do the fair thing by these men if you do not give them \$1,920 in this temporary emergency legislation and let the joint commission work out these problems when the time comes. It is not fair to them to expose them, even, to the possibility of the \$1,500 proposition and let the Fourth Assistant Postmaster General take from them this \$200 that all of the men are receiving and add to some of them until they get up to \$3,600.

Will this proposition of the Fourth Assistant cure the condition down in Texas? You can read that letter straight through and you can not find anything that will cure it. There ought to be some emergency legislation to meet the conditions, and I say to the committee there ought to be a minimum salary fixed large enough to take care of the average man in the service, and keep him in the service, and then allow the department leeway for emergencies such as are cited in the State of Texas.

Now, Mr. Chairman, we come to you just on our own merits. We have no big labor organizations behind us; we are free; our hands are free and clean; we come here asking for consideration for rural letter carriers, purely on their merits. I am attorney for the National Rural Letter Carriers' Association, and I am the only representative here. We have no outside organization to take up here anything that we may ask of you.

Senator STERLING. What do you think about the contract system, spoken of by the Fourth Assistant, or have you covered that?

Mr. BROWN. I do not think I have said anything about it yet, Senator.

It is the most iniquitous thing that could be proposed. It would simply put the whole rural delivery service in the hands of a few contractors, and you would go back to the old star-route scandals of many years ago, and you would go back in a very short time. I pointed that out in some articles I wrote some years ago when a former Postmaster General was seriously advocating putting the rural delivery service on a contract basis. The people of the country would not stand it to begin with, and it would be the most iniquitous thing, in my mind, that could ever be done.

Handling the mail is an important thing for the country people. The Fourth Assistant, with his bundle of letters here the other day that he said represented 40,000 replies to 200,000 letters that he had sent out, referred to the spirit of bolshevism that exists in the country districts. Keep these men supplied with their mail, very promptly, and let them understand that the Post Office Department and the Government is serving the country people in the only way that it can serve them, giving them their mail promptly, every day, so they can count on it, having a man there to deliver their mail that they know they can count on, and know he is an honest, safe, reliable man, and the Government will do its part to keep down that sort of thing in the country.

The CHAIRMAN. Well, Mr. Blakslee did say, or at least he attempted to convey to us, that these vacancies in the rural delivery service were largely occurring in the congested districts, where they had very heavy mails to carry and where, under his scheme, these carriers would receive additional compensation, and thereby they would stop the desertions from the service, and that he believed that the basic salary of \$1,500—which, of course, is not the basic salary, but he puts it at that—would be sufficient to keep in the service men who had little to do, who could carry their routes in a few hours and return to other business, and he would not get any resignations from that class of carriers, and that he could hold the more important ones in the service.

Mr. BROWN. Well, Senator, this question of time has been a hobby of the fourth assistant's for a good long time. You also know that

time is of the very essence of efficiency in the Postal Service. Now, the rural delivery routes are all laid out on a schedule of four miles per hour. If by reason of the rural carrier's interest in his job and desire to serve his patrons he is willing to buy an automobile to use when he can and use horses and wagons when he must, and if by doing that he saves time, should he be penalized for that extra investment and for demonstrating an interest in his work? Should he be paid less money for the time that he saves in using an automobile than he would receive if he used a horse and wagon and rendered less efficient service?

The minute you commence to talk about time as an element in considering the compensation of the rural letter carrier you commence to hurt the efficiency of the rural delivery service, because the men feel they are going to be penalized. There is not very much they can do except to work in the garden, or something like that, keep up their teams, keep up their automobile—most of them try to do their own repair work—and the minute you do that you put time as one of the elements, then you are going to see the men get rid of their automobiles and go back to the horses and wagons, and they are no different from any other human being in that respect. They save the time by using the automobile, and some of the spare time they utilize around the gardens and wherever they can, as any ambitious American citizen ought to do. It is an extra proposition; they make a little out of it when they can, and when they can not, they do not; that is all there is to it. But time should never be considered as an element.

**The CHAIRMAN.** That is, a man should not be paid more because he devotes more time to it?

**Mr. BROWN.** Not unless it is a great deal more time. If he uses his time at 4 miles per hour with the average number of stops, and then if the road conditions justify his using an automobile part of the year, and he does buy an automobile, and by that means saves the time for himself, and at the same time gives increased efficiency to his patrons, then surely that economy in time should not be charged against the man who saves the time at his own expense.

But this matter of pay for rural carriers is a very serious thing. If you are to put that basic pay at \$1,500, why you would not have—you are having resignations now at the rate of 15,000 a year, according to the Postmaster General's own statement. At the end of a year you would have a turnover of more than 20,000 at the present rate of pay, but if you are going to put it at \$1,500, you would not have a single man at the end of two years, except some old men who are just holding on, hoping that a retirement bill will pass. Men can get better pay elsewhere, and the men who are holding on in rural delivery service now are men that have been in it a long time, the great majority of them, and are holding on hoping that a retirement bill will be passed.

Now, the thing to do with these men is to give them an adequate salary, give them something that is fairly comparable with the pay they can get in the same community. A farm laborer gets more money than a rural carrier does. We do not have to produce any statistics; that is well known; you see it in the newspapers everywhere; farm laborers buying \$12 and \$15 silk shirts and a rural car-

rier is lucky to be able to buy anything for himself after taking care of his equipment and his family.

Senator HENDERSON. What do you include in the cost of equipment maintenance?

Mr. BROWN. Repair and wear and tear of the vehicle, and with the horse and wagon, oats, hay, corn—all the feed for the horses, and that sort of thing; gasoline for the automobile, and oil, tires, etc.

Senator HENDERSON. You say they are paying \$60 a month on the average?

Mr. BROWN. Oh, yes.

Senator HENDERSON. You can buy a Ford for \$450, and it will cost you over \$700 to keep it up?

Mr. BROWN. Well, it certainly will, going every day. You see, this is an every-day proposition. They go, and they must go every day, and they have got to go. I do not know very much personally about cars, but I am taking their statements in their questionnaires which are certified to before the joint commission, and their statements to me, and their statements before the commission.

Senator HENDERSON. I am only looking at it from the ranch use of a Ford. They keep them two or three years on a ranch in the West; I know in our country they go through sagebrush and everything, where the roads are not very good, and yet the maintenance of the equipment is slight.

Mr. BROWN. Do you go every day?

Senator HENDERSON. Oh, yes; they are on the move daily.

Mr. BROWN. Do you have relief cars to pick them up, or anything like that?

Senator HENDERSON. We have Ford trucks, and other kinds of trucks, and then little runabouts with space in the back to carry things. They are on the go daily. Of course, in the winter, for about two months, you can not do anything on account of the mud.

Mr. BROWN. Well, on the rural delivery routes, in the winter time, in most places, they can not use an automobile. An automobile is more economical in actual operation, time considered, than horses and wagons, but you must remember, Senator, that if a man has an automobile he also must have his horse and wagon.

Senator STERLING. Mr. Brown, where the horse-drawn vehicle is used, how many horses is it necessary, ordinarily, for the carrier to keep?

Mr. BROWN. They generally have at least two horses for the standard route. In a great many cases a man will board his horse out on the route. He will start out this morning and pick up his exchange horse at the boarding place, on his way around.

Senator PHIRPS. In your estimate of \$700, that would be figuring depreciation on the automobile?

Mr. BROWN. Oh, yes.

Senator PHIRPS. Or the horse and wagon, as the case might be; that has to be taken into consideration?

Mr. BROWN. Oh, yes; the depreciation figures in that, of course. My observation has been rather extensive, and it is that if a man uses a Ford car three years he is doing mighty well. There are not many who use them three years. There are places, where they have good roads, that they can use them that long, but they will not average three years.

**Senator STERLING.** My impression is that in a number of statements we received here a couple of years ago, when the question of rural service was up in the Senate, that many of the men had said they found it necessary to keep three horses in order to go every day.

**Mr. BROWN.** Oh, they do.

**Senator STERLING.** And in case of emergency, you need the third horse—a horse may get sick or crippled?

**Mr. BROWN.** Yes.

**Senator HENDERSON.** What is the average distance traveled by a rural carrier?

**Mr. BROWN.** Well, the average length of the rural delivery routes now is, I think, about 25 miles. The standard route is 24; the average length of the route is about 25 miles, as I recall it.

**Mr. Chairman** and gentlemen, the thing I wanted to bring especially to your attention was the statement of the Fourth Assistant, that men are resigning at the rate of 50 a day, and it is due to inadequate pay. Now, the question is, Is rural delivery service worth maintaining? Is it worth keeping up? Is it worth doing well, and paying the men to do it, and keeping them fairly well satisfied? A 60 per cent increase over the basic pay of \$1,200 is as little as ought to be considered for temporary legislation.

Now, I dislike to make a statement of this sort before your committee: I know your embarrassments about the matter, and yet you want to preserve the rural delivery service; you want to keep it in good shape. I think, really, you ought to make it 60 per cent over the basic pay, or \$1,920 for a standard rural delivery route, plus the present increase for excess mileage, and yet give the department some leeway above that to meet extraordinary conditions, and that is all the department ought to want. If you start out giving the department authority to pay this carrier \$1,500, and over in another county another carrier \$1,800 or \$1,900, you are going to cause the greatest demoralization that ever existed in the service. You can not get away from that.

**The CHAIRMAN.** Well, I was going to ask, in your opinion, if this discretion were allowed, and if two carriers out of the same office, possibly for the same length of route, one having more business than the other, and one were granted \$1,000 more or less additional pay over and above what the other one received, whether that of itself would not invite resignation of the one receiving the smaller salary?

**Mr. BROWN.** Unquestionably it would. But, Senator, unless there is a great big difference in the volume of business handled, it is immaterial—unless there is a great big business. If one man handles 20,000 pieces of mail a month and the other man only handles 4,000 pieces of mail a month, of course, there is some difference there, and there ought to be some chance to meet that difference, but, broadly speaking, there ought to be a good deal of rigidity about this matter of compensation. The basic pay, the minimum pay, ought to be sufficiently large to meet the requirements of the average man in the service.

**The CHAIRMAN.** Your statements are somewhat disturbing to me on the question of resignations. Now, in our emergency bill we granted the rural carriers \$200—I think there was nobody in the service received more than that increase.

Mr. BROWN. I think there were some few got \$250, were there not, of the low salaried men?

The CHAIRMAN. No.

Mr. BROWN. Well, \$200 was the maximum then.

The CHAIRMAN. \$200 was the maximum they received. At that time, while we knew, of course, the conditions of life were hard, due to what we all believe is a temporary situation, we had thought if we granted a \$200 raise to the men that at least would stop the large number of resignations. In fact, one of the objects of introducing that bill and passing it was to keep men in the service.

Mr. BROWN. Absolutely.

The CHAIRMAN. That is what I advocated on the floor of the Senate.

Mr. BROWN. Yes.

The CHAIRMAN. I had thought, from statements by representatives of the employees, that while none of them were satisfied, they all felt that that would be sufficient until we could get a proper readjustment of the salaries. As I said the other day, we have all been disappointed in not being able to hear from the joint commission appointed for the purpose of investigating the salaries, in order that we could adjust them properly. I made statements to employees throughout the country that that was what we had in mind. I meant them in perfect good faith, but if we are to start in on another increase in salaries at this time, pending the report of the commission, I feel very confident that it would not meet the approval of either the House or the Senate. If we commence with rural carriers we have got to deal with them all, because there are other classes. For instance, I will say frankly that I think the supervisory officers of the country are about the poorest paid men, of all classes of Federal employees; they are not paid commensurate with the responsibilities of the service they render.

Now, if it is true, we have to compete with private enterprise in the communities; if we have to pay salaries equal to railroad men and to mechanics, skilled mechanics, who are earning vast sums of money, it seems to me we would inevitably be driven to the contract system; there is not any way around that, and the Treasury is not deep enough to meet those conditions now. I think it is the duty of Congress, as soon as it is properly informed, to readjust the salaries in the Post Office Department and, when we have done that, and we have possibly approached more normal conditions of affairs, if we then find we can not meet the situation, we have got to resort to some other kind of scheme; there is no doubt about it.

I had thought, and I still believe it is true—I have advocated it, and I still advocate it—that the civil service-employees should be given proper retirement. I think that is absolutely essential to the proper maintenance of the civil service department. Now, while that is nebulous—I know the employees think about it as a long way off—and subject to a great many difficulties before we reach it, nevertheless it is inevitable, in my judgment; it is inevitable because it is a proper principle of Government, and we are coming to it.

Our problem is to handle the situation with the condition of the Treasury which confronts us, and I, myself, do not believe that this committee or the Congress would be warranted at this time in

proceeding to another increase in salaries until we get all the facts before us.

Senator HENDERSON. Senator, how would you explain to the Senate our attitude last fall when we were before them with this emergency legislation?

The CHAIRMAN. We could do it as we said to them at that time. I explained it very fairly on the floor of the Senate, that it was temporary, and was made in view of the fact that we were going to have the whole question determined.

Senator HENDERSON. That is it; and we are waiting for the determination.

The CHAIRMAN. I also assured them we would have it at this time, and I believed we would, but we do not have it, and we will not have it before the 1st of April, if we have it then. If we do not have it at that time, then this committee will have to proceed to get at it according to our best lights, and thrash the thing out.

Mr. BROWN. Well, Senator, it was with the very greatest reluctance that I asked what I have asked before. I know the conditions, and I would not have asked for this 60 per cent if I did not believe it was absolutely necessary to keep the men in the service. They are going out now, as Mr. Blakslee says, at the rate of 50 a day, on the basis of \$1,700, and he has 4,300 vacancies right now. Now, what are you going to do? The new bill, under the report of the joint commission, will not be operative until July 1, 1921. By July 1, 1921, all sorts of things can happen.

The CHAIRMAN. Well, I do not think that is quite true. It would not necessarily not be operative until 1921. I think if we have to proceed, and it will be necessary for us to proceed, under a separate bill which has for its object simply the adjustment of salaries, we could make that operative any time we pass it.

Mr. BROWN. Well, that is true, but I believe the possibility of its becoming operative by July 1, 1920, is very remote.

The CHAIRMAN. Yes; I thought you said 1921.

Mr. BROWN. I did say 1921, but I would say—this is presumption on my part, of course—I would say the prospects would be against anything before 1921, would you not think so?

The CHAIRMAN. No; I do not think so. I think you can not expect any relief before July, 1920. I do not think any law we could pass would become—

Mr. BROWN. Well, I would not expect anything before July, 1920, but if you could see your way clear to give us this little amount that we are asking for it would tend to hold the men in the service. Now, it looks like a good big appropriation, \$78,000,000, but when you figure that out of that \$78,000,000, about \$30,000,000 of it does not go into the pockets of the rural carriers at all, except to pay it right out again for the maintenance of their equipment, then, there is not much left.

The CHAIRMAN. Can you conceive that it would be possible for this committee, or concessionable even, on the part of this committee, to increase the rural carriers 60 per cent and not go into the other classes, especially the supervisory officers?

Mr. BROWN. Well, do the same emergency conditions exist in the other branches of the service?

Mr. Koons did not report any great number of resignations.

The CHAIRMAN. We did not make any inquiry about it, but I know there are literally thousands of men staying in the service who are staying in at a loss.

Mr. BROWN. Yes.

The CHAIRMAN. A great loss; great disadvantage to themselves; some of them are educated, and a great many of them, by a spirit of loyalty and patriotism to the service; they have been in it for a long while, and they are looking forward to the time when conditions will be a little better, and they will be under the retirement provisions, so they can afford to stay in.

Now, as I say, I am disturbed by what you say and the Fourth Assistant Postmaster General says about resignations. I am almost ready to conclude at times it is not a question of salary at all; because if we pay \$1,700 or \$1,900, many of the men could go out and earn more than that somewhere else, and they would go, and if we have to, under these extraordinary conditions to compete with private enterprise, we are almost in a hopeless condition.

Mr. BROWN. Well, Senator, in the last analysis, does not the Government, in the matter of its employees, have to compete with private enterprise?

The CHAIRMAN. No; not altogether.

Mr. BROWN. A man who has nothing but his daily wages, is it not his business to get the most he can for it?

The CHAIRMAN. Yes.

Mr. BROWN. And does not the Government have to compete with the private employer?

The CHAIRMAN. That might be true, to a large extent, but the Government offers other inducements that a private employer does not. The Government offers him continuous service; it protects him against idleness, and against being out of a job, and, as I say, incidentally, this added inducement, which is not an *iguis fatuus* entirely, because there is some substance to the inducement, of retirement.

Mr. BROWN. Well, we feel sure of that.

The CHAIRMAN. Has any one else anything to say on this rural delivery matter?

Mr. STAMBAUGH. If you please, Mr. Chairman, I simply want to supplement a few of the statements that have been made.

The CHAIRMAN. Who are you?

Mr. STAMBAUGH. J. C. Stambaugh, editor of the Rural Delivery Record. I have appeared before your committee before, and I have also had the pleasure of testifying before the commission.

The CHAIRMAN. I would like to have it for the record. Whom do you represent?

Mr. STAMBAUGH. I represent chiefly the subscribing members of the Rural Delivery Record, a postal publication circulating entirely and alone among rural letter carriers.

**STATEMENT OF MR. J. C. STAMBAUGH, IN BEHALF OF THE NATIONAL FEDERATION OF RURAL LETTER CARRIERS.**

**The CHAIRMAN.** Do you have any official relation to the rural carriers at all?

**Mr. STAMBAUGH.** Yes; we have an organization called the National Federation of Rural Letter Carriers, and I am their official representative.

**The CHAIRMAN.** How many are there in that organization?

**Mr. STAMBAUGH.** Well, it is practically a new organization, Mr. Chairman.

**The CHAIRMAN.** How many are there in it now?

**Mr. STAMBAUGH.** Well, probably less than a thousand.

**The CHAIRMAN.** Four hundred?

**Mr. STAMBAUGH.** Yes; more than that.

**Senator STERLING.** Are you associated with the American Federation of Labor?

**Mr. STAMBAUGH.** We are.

**The CHAIRMAN.** Are the other rural carriers associated with them?

**Mr. STAMBAUGH.** The other organizations are not.

**The CHAIRMAN.** Are not?

**Mr. STAMBAUGH.** No.

**Senator PHIPPS.** Do you mean to say there is now an association of rural letter carriers that is affiliated with the American Federation of Labor?

**Mr. STAMBAUGH.** I do.

**Senator PHIPPS.** And the number you can not tell us definitely; the membership?

**Mr. STAMBAUGH.** I can not, because the membership comes into the secretary, and I only receive monthly—you may say monthly—reports from the secretary and treasurer on that report?

**The CHAIRMAN.** What was your last report?

**Mr. STAMBAUGH.** The last report was something over 400; between 400 and 500.

**The CHAIRMAN.** That was a month ago?

**Mr. STAMBAUGH.** It was less than a month ago.

**Senator STERLING.** Is it your business to solicit membership in the American Federation of Labor on the part of rural carriers?

**Mr. STAMBAUGH.** No; no; not at all.

**The CHAIRMAN.** Well, we may go into that subject a little later; but go on and tell us what you have to say about this proposition.

**Senator PHIPPS.** Mr. Chairman, before the gentleman proceeds, I would like to know his status. He states he is here in an official capacity for some organization; he has not made it clear what his relation to the rural carriers is; why he should appear in their behalf. Merely as a principal, or have you any commission from them; are you in the employ or pay of the association?

**Mr. STAMBAUGH.** Answering that question, Senator, I am a rural letter carrier myself; and, as editor of this publication, which is the official organ of this organization, I have been designated officially by them to represent them in any matters that may come up in the course of legislation, or proposed legislation, in conferring with the Department for them, or in any business of that nature whatever.

**Senator PHIPPS.** That is what I desired to bring out. Now I understand.

The CHAIRMAN. All right; now go on and tell us what you have to say on this proposition.

Mr. STAMBAUGH. I merely want to supplement one statement there, Mr. Chairman, and members of the committee, in regard to resignations from the service at the rate of 50 per day.

Now, I have heard your perfectly frank and absolutely correct statement in regard to those resignations not being entirely alleviated by increasing the salaries, but to a large extent it would be. Now, this particular fact enters into that condition: The rural carriers are the only postal employees who are obliged to purchase and own the equipment with which they perform the service. That is, the vehicle, horses, automobile, and whatever they may use in performing their service. Now, you know more about the rising costs of living and equipment in general, and things of that kind, than I do, but I say this: Those things are material, and the compensation of the rural carriers, the net compensation, is absolutely so low that many of them have their credit stretched to the limit, and have not the wherewithal to purchase new equipment, and that explains a certain proportion of the resignations from the service—because they simply can not replace the worn-out equipment.

Senator STERLING. Where are you a rural letter carrier?

Mr. STAMBAUGH. At York, Pa.

Senator STERLING. You have a regular route of 24 miles?

Mr. STAMBAUGH. My route is 28.1 miles long, Senator.

Senator STERLING. What do you have—a horse-drawn vehicle?

Mr. STAMBAUGH. I have a horse and buggy, which I hire from the local liveryman, and that places me, I may say, fortunately for myself, in a rather peculiar position in that it makes my expense lower, far lower than the average expense of rural letter carriers. I am able to hire a team for \$45 per month, making my annual expense \$540 per year, and that is far lower than the average expense of rural letter carriers in general.

Senator STERLING. That is your expense now for team hire?

Mr. STAMBAUGH. It is for the team hire. Of course that is the greater expense; you might say that is about the only expense.

Senator STERLING. Are you a married man?

Mr. STAMBAUGH. I am, with a family of a wife and two children.

Senator PHIPPS. How often do you cover your route?

Mr. STAMBAUGH. Every day.

Senator PHIPPS. Can one team of horses drive 28 miles a day and keep it up?

Mr. STAMBAUGH. Well, in hiring from a liveryman I am able to get, you might say, a fresh horse every day or a different horse every day.

Senator PHIPPS. Do you actually drive 28 miles a day, except Sundays, yourself?

Mr. STAMBAUGH. Every day.

Senator PHIPPS. And yet you supplement that labor by devoting your time to the publication of a periodical in the interest of the rural letter carriers?

Mr. STAMBAUGH. Yes; do that in my spare time.

Senator PHIPPS. Well, about how many hours a day does it take you to cover that 28 miles?

Mr. STAMBAUGH. Well, I can give you that exactly, Senator. I report to the office at 7.30 in the morning. I take one hour in routing my mail and getting it ready for delivery and leave the office at 8.30, and I have one of the best routes so far as the question of roads is concerned in my section of the State, which enables me to make fairly good time, and I return to the office about 1.30, and it takes me about 15 minutes to a half hour to finish my mail, you understand, prepare my money orders, stamp the unstamped mail, and things of that kind, making it on average about 2 o'clock when I finish, which would give me about six hours and a half work—that is, when the roads are good. They are good the greater part of the year.

Senator PHIPPS. What is your compensation?

Mr. STAMBAUGH. My compensation, figuring the emergency allowance and the extra mileage—you understand we get \$24 per mile per year for the mileage over and above 24 miles—figuring that, my exact compensation per year is \$1,796.

Senator PHIPPS. That leaves you about \$1,250, in round figures?

Mr. STAMBAUGH. \$1,256; yes.

Senator STERLING. Have you ever gone into the figures of cost in equipment maintenance, the various items that go to make up the cost?

Mr. STAMBAUGH. I have, on my own account, and I have had questionnaires from practically all sections of the country from friends and subscribers and correspondents, and I say they will average somewhere between \$55 and \$60 per month.

Senator HENDERSON. Can you give us an itemization of what those costs are?

Mr. STAMBAUGH. I believe, Senator, I would not like to go into that, and I will explain my reason why. It has been at least three years since I drove my own vehicle, which was a Ford automobile. At that time I paid 12 cents a gallon for gasoline. To-day it is 27 and 28. I paid \$8 and \$9 for tires, which I to-day—

Senator HENDERSON. Just a moment; how many gallons did it take to make your trip of 28 miles?

Mr. STAMBAUGH. I believe it took about two and a half to three gallons, depending upon the condition of the road.

Senator HENDERSON. Say, 3 gallons at 27 cents, would be 81 cents a day.

Mr. STAMBAUGH. About 81 cents a day.

Senator HENDERSON. At present prices of gasoline.

Mr. STAMBAUGH. At the present price; yes, sir. That is why I say, figuring my cost at that time with the present prices, it would probably be unfair to the carriers using their own vehicles.

Senator HENDERSON. I understand that, but in the case of tires, what do you figure they would amount to.

Mr. STAMBAUGH. Well, they would be, you might say, on a basis of mathematical calculation, because the tires will average probably \$18 apiece, which would be \$72 for a set of tires.

Senator HENDERSON. How long will they last?

Mr. STAMBAUGH. They will last about the guaranteed mileage, 3,500 miles, on average roads. There are roads they will not average that, but there are others that they will average more, but on the average, I will say, they would average about 3,500 miles. Now,

simply by calculation, you can figure just what the tire expense would be.

I understand that the Government has worked out expense statements for automobiles, the cheaper lighter cars, the mile expense, which, figuring at 28 miles per route, would give you the average daily expense for driving a machine.

I would like to touch upon something that has not been even brought up; I do not exactly know whether it is a matter of administration or legislation which would cover this.

Senator STERLING. Before you proceed with that, let me ask you a question along the line of Senator Henderson's question.

What proportion of the rural carriers out of your city of York use horse-drawn vehicles and what proportion automobiles, or what proportion use both?

Mr. STAMBAUGH. We have 11 routes there, and I think there are 5 of them who use automobiles, Ford cars.

Senator STERLING. Yes.

Mr. STAMBAUGH. And six use horse-drawn vehicles.

Senator STERLING. Oh, you use a one-horse vehicle, as I understand you?

Mr. STAMBAUGH. One horse.

Senator STERLING. Now, do others of the carriers use more than one horse, or do they use two?

Mr. STAMBAUGH. None from my office, and none from my county, and in fact in my section of the State there are none to my personal knowledge, who use more than one horse—that is, at one time—unless the weather and road condition, due to storms, perhaps, or something of that character may render the roads so nearly impassable that they are obliged, for emergency purposes, to use two horses.

Senator STERLING. And do the others, like you, hire their horses from the livery stable or do they own them?

Mr. STAMBAUGH. Nine of them do during the winter months, which include the carriers using automobiles during the summer months. Two of them have their own teams.

The CHAIRMAN. Now, I want to ask you along that line—may be you are going into that subject next, but I think it is pertinent here—you drive a buggy, you say?

Mr. STAMBAUGH. A buggy; yes, sir.

The CHAIRMAN. Do you ever have offered for carriage products from the farmer to be delivered in time?

Mr. STAMBAUGH. Very often, Mr. Chairman.

The CHAIRMAN. And do you carry out products to the farmers—the patrons on your route?

Mr. STAMBAUGH. Mostly merchandise, you understand; things coming from the mail-order houses, drygoods, and things of that nature.

The CHAIRMAN. Do you know about what the average of your weight is out and in?

Mr. STAMBAUGH. That has increased considerably in late years, due to the increase in the parcel post. I should not like to give you more than what would be an approximate estimate. I would say probably it averages 50 to 75 pounds per day.

The CHAIRMAN. Both ways?

Mr. STAMBAUGH. No; that is delivered.

The CHAIRMAN. Delivered out?

Mr. STAMBAUGH. Yes; I deliver to my patrons.

The CHAIRMAN. What do you bring in, about what weight?

Mr. STAMBAUGH. Collections are mostly first-class mail, with an occasional heavy parcel, which would increase the average somewhat. I should not imagine it is over 5 or 10 pounds, the average.

The CHAIRMAN. Do you discourage the carrying of products into market from the farmers?

Mr. STAMBAUGH. Oh, no; on the contrary, Mr. Chairman, I try to encourage that wherever possible.

The CHAIRMAN. If you had a larger wagon and drove two horses, would you bring in more stuff?

Mr. STAMBAUGH. I doubt it. I doubt it.

The CHAIRMAN. Now, tell us why?

Mr. STAMBAUGH. Well, because of this fact: I cover 5 miles of the Lincoln Highway. Every one of those 5 miles is covered by one of these department motor truck parcel-post routes, so called, daily, and I have tried to give the department suggestions—I have tried to give the postal officials, locally, suggestions, as well as the carrier—in regard to increasing the shipment of produce by the patrons living along that particular section of this route. I have talked to the patrons personally.

The CHAIRMAN. Of increasing the parcel post?

Mr. STAMBAUGH. Yes; and I find this sentiment: We have radiating from our center, which is York, a city of about 55,000 or 60,000, produce collectors, as you may call them, men who go out with a truck or wagon and go to the farmers directly and buy eggs, butter, and whatever produce the farmer may have to sell. Now, those men, you may call them competitors of these parcel-post routes, but the fact remains that those men complete the transaction with the farmer right there—they get the produce and they give the man cash. They take it away; all responsibility stops right there.

Now, in competing with the motor truck parcel-post route, the shipper must assume the responsibility and the risk of sending his produce away, getting it ready for shipment, and awaiting payment by the party at the receiving end, and the delay occasioned thereby, and naturally, choosing between the two, he will select the more satisfactory arrangement, which is a direct cash payment for the article sold.

Now, I find that is a greater reason why they are rather hesitant to use this motor truck parcel-post service.

The CHAIRMAN. Does the man on your route, the farmer, understand he is at liberty to use your vehicle for bringing in his stuff?

Mr. STAMBAUGH. You mean on my particular route?

The CHAIRMAN. Yes.

Mr. STAMBAUGH. Oh, yes; yes.

The CHAIRMAN. They are not ignorant of the possibilities for using the parcel post?

Mr. STAMBAUGH. Oh, no; not so far as the Rural Delivery Service is concerned, but I believe to a certain extent they are ignorant of the possibilities of the motor-truck route, and I have talked to the department, and I have gone over there and told them that if they

were properly informed by an arrangement—an educational plan, you might say, whereby they would thoroughly explain the merits of this system to the farmers and rural patrons living along these routes—probably they might increase the business on these routes.

Senator STERLING. Well, what purpose would be served; what benefit would it be to the farmer if his produce can be gathered up by these men who are engaged in their own private enterprise and who pay them on the spot for their produce and take it in? Why would you want to encourage the motor-truck service, the Government service, if the farmers can be as well served by the private enterprise? They get as much for their produce, do they not?

Mr. STAMBAUGH. No; that is the only reason I can see, Senator, is that in a way they would cut out the middleman. The man who buys it from the farmer to resell it naturally expects some profit, and he must sell it for a greater price than he pays for it, and the difference represents his profit. Now, if the shipper can sell direct to the consumer and get the consumer's price, or perhaps a little less than the consumer's price, thereby cutting out the middleman and substituting the Post Office Department in his place, that represents the only argument I can see in favor of the service or in favor of the shipper.

The CHAIRMAN. Well, from that must be deducted the cost to the Government of the truck service?

Mr. STAMBAUGH. Oh, yes.

The CHAIRMAN. Somebody pays; the middle man, in this case, is the Government.

Mr. STAMBAUGH. Exactly.

The CHAIRMAN. The Government will try to do it at cost, but supposing it costs more than the actual benefit, then the Treasury must pay the difference.

Mr. STAMBAUGH. The Treasury, of course, will have to make up the deficit.

Senator STERLING. Would there not be this disposition among the farmers, even if they availed themselves of this motor-truck service, to charge the market price for the produce? For example, if they were coming into the city of Washington, would they not ascertain the market here and charge accordingly, and therefore would not the consumer of the produce have to pay ultimately just as much?

Mr. STAMBAUGH. Well, Senator, that feeling and that disposition is so general throughout America at this time I am inclined to believe you are absolutely correct.

Senator PHIPPS. Just human nature, and you can not change it.

The CHAIRMAN. Now, you were going to something else; proceed with that.

Mr. STAMBAUGH. I was going to say, Mr. Chairman, that what I and what the rural letter carriers in general consider unjust is the matter of our salary being paid on a monthly instead of a semi-monthly basis. Now, I do not know whether that is a matter of administration or a matter of legislation which would correct that, but I say this, if you will allow me to give a concrete example:

On the 1st day of November I started working on my November salary. I did not receive that November salary, which I started working for on the 1st of November, until the 17th day of December.

I did not receive my December salary until the 13th day of January. On the 22d day of December I had a letter from a correspondent at some office in Oklahoma stating that at that particular date, the 22d day of December, he had not received his November salary, which included the back pay, you might call it, which the Congress had allowed the rural letter carriers for the month of October.

Now, that is a very serious condition. I know, Mr. Chairman, and gentlemen of this committee, that rural letter carriers have been sued by their creditors for their inability to meet their payments promptly at the end of the month, simply because their pay checks did not arrive, and when they did not arrive the creditors refused to take their legitimate excuses, and simply thought they were trying to evade payment and brought suit.

The CHAIRMAN. Did you bring this to the attention of the department? That is purely an administrative matter. We do not provide that the salaries should be paid monthly; we provide only the compensation, and a great many of the departments here pay every two weeks. Have you brought this to the attention of the department?

Mr. STAMBAUGH. Yes; I have mentioned it to the Fourth Assistant Postmaster General and to several of the other administrative officers in the department, and they do not altogether feel inclined to provide the remedy, which would be semimonthly pay, and perhaps instead of a central disbursing office, or pay office, in each State have county accounting offices pay the salaries to the rural letter carriers living in their counties, or in probably adjoining counties, where there are not so many carriers.

The CHAIRMAN. Where do you get your checks from now?

Mr. STAMBAUGH. From the Philadelphia office, the paying office for the entire State of Pennsylvania.

The CHAIRMAN. Well, would not that require very much more work if they issued them semimonthly instead of monthly?

Mr. STAMBAUGH. Well, I should say yes; it would simply duplicate the work.

The CHAIRMAN. That is, the writing and sending of the checks?

Mr. STAMBAUGH. Yes.

The CHAIRMAN. Would it require more employees, do you know?

Mr. STAMBAUGH. No; I do not think it would.

Senator PHIPPS. Well, would it be an actual benefit to the carriers and those employees? As a matter of fact, are not most accounts settled monthly in any event, such as rents and bills from the grocery stores and other supply houses?

Mr. STAMBAUGH. I would say that the matter of rents and perhaps when you hire your team—those are about the only items that I know of that are paid monthly, and that is simply because we have to arrange it that way. The groceryman does not like to extend a month's credit. You understand, groceries in these towns are rather high, and when you ask for credit they do not like to extend it over a period of 30 days, and then when the checks do not arrive promptly they are very alert to wonder whether or not you are trying to beat them out of the bill or what is going to happen to the account.

Senator STERLING. The difficulty would be largely cured, would it not, if the checks arrived promptly?

Mr. STAMBAUGH. Oh, yes; it would be, to a certain extent. We have tried in all manner of ways to provide for that, but they simply do not arrive promptly. In certain sections of the country, I understand, there are loan sharks, you might call them, the evils of whose system, I suppose, are well known to you, who make it a practice to extend credit and loan money to men on their salaries, and, of course, you know the exorbitant rates of interest those people charge.

In the light of monthly credit, you understand, there are certain companies, such as water companies, electric-light companies, who will grant, say, an increase of 2 to 10 per cent providing bills are paid on or before a certain day, say, the 10th of the month.

The CHAIRMAN. You mean discount?

Mr. STAMBAUGH. Yes; I mean discount. And when the checks fail to arrive, of course, you simply lose that, as a matter of necessity.

Senator PHIPPS. But as an abstract principle, is it not reasonable to conclude that the man who receives his salary once a month rather than twice a month is more likely to be careful of his money? That is to say, he is not as apt to spend it unnecessarily for things that are not necessities?

Mr. STAMBAUGH. I would not say that I entirely agree with that, Senator. For example, human nature takes the idea that after you sacrificed for some time, say, 14 days of the month, you are at liberty to plunge just a little bit after you do get your salary, and, of course, that aggravates the situation.

Senator PHIPPS. Well, my personal experience has been rather the other way, and I think, from observation, those who receive their money weekly or semimonthly are never able to save anything at all, while those who get it only once a month are more apt to acquire something in the way of saving something out of their earnings.

Mr. STAMBAUGH. Well, I find the rural letter carriers are almost universally of the opinion they could spend more judiciously if they received it every two weeks instead of monthly.

The CHAIRMAN. That is the matter, as I say, that would come within the executive department, and I do not think Congress would at this time attempt to pass any legislation on that subject. I can see some force in what you say about that, but I think you should present your argument to the department, because it has the money, and I do not know why they should not pay twice a month except for the additional work of sending out the checks.

Senator PHIPPS. Well, Mr. Chairman, can you think of any good reason why they can not pay promptly at the expiration of the month rather than let it go for half a month after the month has been earned?

The CHAIRMAN. No; I can not. I do not understand that.

Senator HENDERSON. How long has that condition existed?

Mr. STAMBAUGH. I did not understand exactly.

Senator HENDERSON. How long have you been a rural carrier?

Mr. STAMBAUGH. I have been a rural carrier seven years.

Senator HENDERSON. And during that time that you have been a rural carrier, how long has it been that you have been getting your check 10 or 12 days after the time you should receive it?

Mr. STAMBAUGH. Well, those are, of course, exceptions. They generally come anywhere from the 5th to the 8th of the month, but even at that it represents a week's delay after the 1st of the month.

**Senator HENDERSON.** And all the time you have been in the service has that condition existed?

**Mr. STAMBAUGH.** Oh, yes. The earliest I ever remember of receiving my salary was on the 3d of the month. It usually is anywhere from there to the 8th.

**Senator HENDERSON.** And it comes from Philadelphia?

**Mr. STAMBAUGH.** From Philadelphia.

Now, there is just one other thing I wanted to call attention to, and that is the matter of substitutes. I know it has been emphasized to a certain extent to the postal salary commission, but I believe this committee should understand that the substitutes in the rural-delivery service are placed in a rather discriminatory position, you might say, in that their years of service, no matter how long or how faithfully they may have served as substitutes, count as naught when they take the examination for regular appointment. That condition discourages men from serving as substitutes in the rural-delivery service.

For the last year every day that I am away from my route—at the present time, while I am talking to this committee—my substitute is working for \$1.50 more than I receive myself, which represents what I must pay to keep him on the route.

Now, that is not an unusual condition. I know of many rural letter carriers who are unable to take the 15 days' annual vacation, or leave of absence with pay, which is granted by the Congress as a vacation to the men, simply because they can not get substitutes to take the routes while they are off duty.

Now, it seems to me that there should be some remedy provided for that whereby a man who has served efficiently and satisfactorily as a substitute rural letter carrier for a period of years may receive credit, say, so many points per year, or something like that, when he comes to take the examination. I do not know; it may not be a function of Congress to provide the remedy for that, but I believe it is wise to call it to your attention, that if the substitute was granted a certain number of points in the civil-service examination it would encourage rather than under the present conditions discourage the man from serving as a substitute carrier.

**The CHAIRMAN.** Well, did our emergency legislation help that matter any? We provided that substitutes be paid at 60 cents an hour, and we have had lots of complaints that we were paying substitutes in that way more than the clerks in many instances were receiving in regular service. We did it for the reason that you mentioned, that we thought there ought to be encouragement to men. I think it does not quite cover that objection, I can say that, but I am wondering if you have the same trouble about substitutes since we passed the emergency legislation as you did before.

**Mr. STAMBAUGH.** I have heard those complaints, but that emergency legislation for substitutes does not encourage the rural-delivery substitutes for the simple reason that they receive the same pay that a rural carrier gets, and my substitute receives \$1.50 more than I do, and the 60 cents does not apply to the rural carrier substitutes.

**The CHAIRMAN.** He receives more because you have to pay him more.

**Mr. STAMBAUGH.** He receives more because I have to pay him more in order to keep him there. If I did not pay him, I would not keep

his services at all. He receives \$1.50 a day more than I receive, which keeps him on the job.

The CHAIRMAN. You are right about that; that does not apply to the rural delivery service.

Mr. STAMBAUGH. Oh, no.

The CHAIRMAN. Well, anything further?

Senator PHIPPS. I would like to ask you a little further in regard to this matter of affiliation with the American Federation of Labor. Now, I do not see any criticism whatever of an organization among the postal employees, or rural carriers, for interchange of interest and cooperation in working, and all of that; I would like to know, however, why the rural carriers think it advisable for them to affiliate with an outside organization of labor which, to my mind, has no particular interest in their business or profession. What is to be gained by it? What is the idea? What is the object?

Mr. STAMBAUGH. I would say, very frankly, Senator, that it is not an outside organization; it is an outside federation of organizations, and it is merely an extension of the organization idea, which, of course, has for its fundamental principle or idea that in union there is strength, and the postal employees take the position they are workers, and they are laborers, regardless of the class or condition of the service they may render without questioning any other merits that may enter into the proposition, they feel that, not merely pooling their interests, or anything of that character, but by joining hands with all workers and all organized workers, they can best serve the idea of organization for which they combine in their own particular class organization. It is merely an extension of the idea of organization in general.

The CHAIRMAN. Yes; but are there not objections to your affiliation with an outside organization. Are there not dangers of that affiliation affecting the service which the Government employees are in duty bound to give the Government?

Mr. STAMBAUGH. On the contrary, Senator, I should say this: Postal employees have a distinct and particular service to perform. We are bound by oath and bond to perform that service. No matter what organization they may affiliate with, their loyalty is proven; the department concedes it; Congress has placed itself on record as citing the loyalty and faithfulness of the postal employees. In affiliating with an outside organization, instead of being contaminated by contact, I believe that their loyal, faithful, efficient spirit is going to be spread and disseminated throughout the other organizations, and keep, probably, organized labor true to American standards and American ideals, instead of the opposite being true.

Senator PHIPPS. I wish I could bring myself to agree with you. At any rate, I like your description of them. I can see great difficulty in the proposition. A man can not serve two masters. You can not be loyal to one and at the same time not take an interest in what are the selfish interests of the others with whom you are allied.

Mr. STAMBAUGH. In connection with that, Senator, I would say that the postal employees recognize no two masters. They have no two masters; they have only one master, and that is the Post Office Department, and no connection with any organization can in any way modify their duties nor their loyalty nor their subservience to the department or to their

Senator PHIPPS. Oh, I know; but I feel, and I believe, there is a very great danger that would have direct results under certain given circumstances. We had an illustration in Boston when the police forces went on strike, and we had an intimation of what happened right here in the city of Washington. I think you gentlemen are making a mistake in allowing your post-office organization to affiliate with any organization of employees outside of the Government service.

Mr. STAMBAUGH. Well, I might say in that connection I happened to be in Boston on the night of that wild orgy, and I will say that my private and limited knowledge of labor conditions would make me conclude that the American Federation of Labor, or labor itself, was not in any way responsible.

Senator PHIPPS. I have seen strikes, and it is always the outsider that causes the trouble; it is never the man who belongs to the organization itself, excepting a few radical leaders; it is always the outsider.

Mr. STAMBAUGH. That is absolutely true.

Senator PHIPPS. It is the outsider that causes the trouble.

Mr. STAMBAUGH. That is absolutely true, and I believe the American Federation of Labor will go just as far as any other agency in helping to fill those arks that are now taking some of those outsiders out of this country.

Senator STERLING. It is a question of whether or not the policy of the American Federation of Labor would always be just true to the best interests and the welfare of the country. It might be, and the danger is, your organization being an organization of employees of the Government might be more or less influenced by some policy of the Federation of Labor.

Mr. STAMBAUGH. If you will allow me simply to explain that briefly I will say this: There seems to be an absolutely unjust and unwarranted feeling or sentiment that if postal employees or Federal employees in general were affiliated with the labor organizations, that the labor organizations would then have the power to call a strike, or something of that nature, calling on the employees, probably, to do some overt, disloyal act, and that is absolutely incorrect. Suppose, for instance, our organization were contemplating a strike—and I will say, frankly, that that is not even included in our list of remote possibilities—but if they were, it would remain for our organization to vote, separately and independently, on that strike question. The American Federation of Labor could not even enter our councils. They have absolutely no authority to authorize nor to direct us to strike, or compel us to strike. After that would be decided, if it were decided in favor of striking, if that were possible, if that decision were in favor of the strike, then we would have to submit our decision to the American Federation of Labor. That is the only condition under which the American Federation of Labor enters into the strike of the organizations of which it is composed at all.

Now, the I. W. W. have a right to say to their organizations, "You must strike." The American Federation of Labor is different. An organization's autonomy is not in any way disturbed by being affiliated with the American Federation of Labor. They

can vote according to their own ideas, according to their own conscience, as to whether they shall strike or not, but after they make their decision that decision must be submitted to the American Federation of Labor, and there are innumerable instances where organizations have voted to strike and the American Federation of Labor has said that strike was absolutely unjust. Take the longshoremen, take the printers' strike in New York; they broke their contracts and they struck, and the American Federation of Labor would not sanction it; dismissed them.

The CHAIRMAN. Well, now, suppose you voted not to strike, and then submitted it to the Federation of Labor; what would they do with it?

Mr. STAMBAUGH. They could not do anything. That would be final. If we voted not to strike, that would be final.

Senator PHIPPS. Suppose you voted to strike?

Mr. STAMBAUGH. Then it would be submitted to them for their approval. If they approve, we could go ahead with the strike.

Senator PHIPPS. Then you are deferring to a superior authority to approve your action in the matter.

Mr. STAMBAUGH. They have jurisdiction over the strike, so far as that is concerned.

Senator PHIPPS. Why give them that jurisdiction? What do you get in return?

Mr. STAMBAUGH. We simply get the benefit of—

Senator PHIPPS. What have you gained?

Mr. STAMBAUGH. Well, it is simply what the individual must defer to the organization; so with his separate organization. The principle is just exactly the same. We have our separate organization; the will of the individual must be subverted to the will of the organization. The principle is exactly the same.

Senator PHIPPS. In this particular case, though, you determine the will of your own organization, and then you defer the decision of your own organization to the binding decision of a higher authority composed of all organizations which have no direct interest in the Postal Service, and I ask what you gain by it?

Mr. FLAHERTY. May I make this statement? My name is Thomas F. Flaherty, of the National Federation of Post Office Clerks.

For the benefit of Senator Phipps in particular, in November, 1915, some 26 or 27 letter carriers and postal clerks at Fairmont, W. Va., who were not in any way affiliated with the American Federation of Labor, resigned in concert. That is the nearest approach we have had in our Postal Service to a strike. The Federal court in that jurisdiction of West Virginia entered judgment for that assent after the men had entered a plea of nolle contendere, said that that was a conspiracy to delay the mails. In short, these resignations in concert, all these 26 men, was a conspiracy on their part to delay the mails, and following that they were fined sums ranging from \$500 down to \$5. So, when men in the postal strike, under this decision—thus far it has not been challenged—they enter into a conspiracy, and they are amenable to the criminal statutes.

Senator PHIPPS. Well, now, I asked the witness a question there, what do they gain by this affiliation, and I want to ask what does it cost? It is an annual tax on every employee who affiliates with the

American Federation of Labor to keep it up; it has overhead, and it has general expenses, does it not?

Mr. STAMBAUGH. The annual expense per member is 12 cents per year.

Mr. FLAHERTY. Yes; Senator; 1 cent per month; 12 cents per year; ridiculously small tax, as you can see.

Senator STERLING. Here is a question that occurs to my mind, which is more a question of attitude than anything else.

Now, granting the position of the American Federation of Labor was right in regard to the longshoreman's strike, where there was a violation of contract, and in the printers' strike, yet there might be cases where the American Federation of Labor's decision was wrong; against public sentiment, against public welfare. Now, it had, however, declared its position. What would your association, as affiliated with the American Federation of Labor, do? It would adhere, would it not, to the policy of the American Federation of Labor as against the public welfare, as against public sentiment? That is what you would be called upon to do, would you not, because of your affiliation with the organization?

Mr. STAMBAUGH. Well, to a certain extent, probably that might be true.

Mr. FLAHERTY. May I ask, Mr. Stambaugh, is there not in your constitution an expression against strikes, to the effect that you believe legislation and not strikes is the proper agency to employ?

Mr. STAMBAUGH. Yes.

Mr. FLAHERTY. I know that is true of the Federation of Postal Employees, the organization I represent; we have an expression in our constitution.

Senator STERLING. That is true; but you are aligned with the federation that believes in strikes.

Mr. FLAHERTY. Not so far as the Federal employees are concerned. So far as Federal employees are concerned, the American Federation of Labor has taken the position that legislation and not the strike is the proper agency.

Senator PHIPPS. What supported the organizations of policemen in their decision to strike?

Mr. FLAHERTY. In answer to that, Senator, I would say the policemen of Pittsburgh and the policemen of Cincinnati both struck, but they were not affiliated with the American Federation of Labor. Now, affiliation does not necessarily invite strike. On the contrary, experiences show—

Senator PHIPPS. Now, I am not caring to be looked upon as an opponent of organized labor. I am not, never have been, nor am I an opponent of the American Federation of Labor within its proper province, but I do not believe it is proper policy for any organization of Government employees to affiliate with that organization. I think they have nothing to gain and perhaps quite a little to lose. That is a personal expression; you can take it for what it is worth.

The CHAIRMAN. Now, this question may come up: We may have to meet this proposition in the way of legislation. Personally, I do not care to enter into any argument now about that proposition, because we may, before we get through with this bill, be forced to consider this question. I agree with Senator Phipps that this is a

very serious matter, and ought to be considered with an eye single to the welfare of the Government. I have felt like looking after the employees of the Government and that without being influenced by any outside organizations whatever. I have made as one of my arguments always, proper salaries. Our men were not proposing to strike; they were all loyal to the Government, and that loyalty ought to be rewarded.

I have some serious doubts as to whether the same arguments will hold good if the Congress has to deal with men who are not at all directly interested in the administration of its various departments, and I do not want to think of Congress feeling that it is relieved from any responsibility which it owes or is prejudiced in any way in dealing with the employees. I think one of the strongest arguments that was made for the increase in salaries was they were not afflicted with any outside organization of labor, and they were not proposing to strike, and it therefore became our duty, as the Congress, to look after the welfare of our own employees, to whom the employees could come whenever they felt that they had a grievance, and feel free to come. I was in favor of their organization, so they could express themselves freely as to the conditions of the service.

But, as I say, I do not care to go into that now unless we are going to take it up later, in which case an opportunity will be given others to be heard.

Did you have anything further?

Mr. STAMBAUGH. Will you just allow me to explain one thing in that connection? It was perhaps the force of example, to a large extent, that caused our organization to become affiliated with the American Federation of Labor. I am sorry this controversy has arisen, but I want to say that, while I have not the extensive experience in labor matters that some of the other labor representatives have, and some of whom are present and probably can handle the subject to far greater advantage and explain some of the matters that may be somewhat strange, we felt that these older and more experienced organizations have been successful, the fraternal spirit has been running high, and we felt we might judiciously follow their example by joining under the same banner with them so as to have the postal employees united; but, so far as the strike is concerned, I would say that if this Congress should pass any legislation saying that postal employees shall not strike—dare not strike—must not strike—we will follow you, figuratively speaking, to the ends of the earth, because we will stand by the principle until doomsday. In fact, as the representative of this organization, if any order would come from any source stating that we would now be under obligations to strike, I would be the first to raise my voice challenging that authority. I would say that section 4, article 2, of our constitution of by-laws says:

We recognize the fact that legislation and not strike is the last resort in the adjustment of our grievances. And therefore we oppose strikes in the Postal Service.

Senator STERLING. That is very commendable.

Senator PHIPPS. That is correct.

The CHAIRMAN. Anything further you want to say?

Mr. STAMBAUGH. No; I thank you, gentlemen.

The CHAIRMAN. Has anyone else anything to say on this subject.

**STATEMENT OF MR. EDWARD J. RYAN IN BEHALF OF THE RAILWAY MAIL ASSOCIATION.**

**Mr. RYAN:** I do not have anything to say on the rural service because I represent the railway postal clerks, but there are some things mentioned in the testimony by the gentleman representing the rural service that I thought I might follow up with the attitude of the railway postal clerks.

We recognize exactly what the situation is, and we are good enough Americans to understand this Congress is confronted with conditions which require large expenditures of money, and they are also confronted with the very urgent necessity of meeting the existing crisis, and I think that is what it is, by increasing the revenues of the Government or in some way benefiting the Treasury to make it strong enough to withstand these vast demands that are coming to us as a result of the war.

We are not going to ask this committee for anything except that we be given enough to continue section 2 of the pending bill inserted by the House and approved by the House to continue the present rates of salary pending a report of the joint commission on postal salaries.

The situation, of course, is not satisfactory, and has not been for the past couple of years. The men have been waiting from day to day and month to month expecting that Congress is going to do something, and hoping that something would be done, and Congress has been kind enough to attempt to meet the situation from year to year, the last being the enactment by the House of joint resolution 151, which became effective on the 8th of November, but we are still in the same position. We are waiting now to see what the Government is going to do. We recognize that it is inadvisable to attempt to adjust the salaries of the postal employees until we know what is the judgment of the joint commission based upon the data that it received as a result of its investigation.

Therefore, I am not going into detail about conditions, except to say this, Mr. Chairman: That I was impressed with the statement concerning the supervisory officials. I mean men occupying the positions of supervisory officials, chief clerks, and assistant chief clerks, division superintendents and assistant division superintendents never have received salary commensurate with their duties. I have often used for illustration that section of the country with which I am familiar, the New England States. Under the basic salary for division superintendents now they receive \$3,250 per annum, and a 5 per cent allowance under the bill usually referred to as the war bonus.

Now, the superintendent of the first division has jurisdiction over the six New England States. His responsibility is for transportation of all mail matter in that territory, and his basic salary is \$3,250. Compare it with the salaries paid to postmasters; for instance, the postmaster in Boston, which is one of the exceptional first-class post offices, gets \$8,000 a year, and I do not think that his responsibility or his duties are comparable at all with the duties of the superintendent.

**Senator STERLING.** What bond does the superintendent give?

**Mr. RYAN.** I will have to get that information for you, Senator, to be accurate about it. I am not certain whether the superintendent

gives a bond. All of the railway postal clerks, however, give a bond for \$1,000, but the superintendent I do not know about.

Now, the salaries of the others, the assistant division superintendent, who frequently acts as the division superintendent when the division superintendent is away on business or down here at Washington, his salary is \$1,000 less than the division superintendent.

The assistant chief clerk's basic salary is \$2,100, and I think they are now getting \$2,300 or \$2,400 under the latest increase, and those salaries are not sufficient.

But, aside from that, even, there is another class of men in our service who are largely underpaid, and who have always been underpaid, and that is the substitute. We have had men substituting in our service for five or six years without any increase in salary, and they get paid the first year as a regular the same as they do for a substitute. Now, maybe the idea I have about substitute service and about the Postal Service is a peculiar one, but I can not help asking myself the question, Why should there be any substitute lists in the Postal Service? It seems to me that it is some ancient condition that has been handed down to us from old times, from days gone by. I believe the Post Office Department—I know from my knowledge of our service that it is just as possible to make men regular men at the end of a certain period and keep them at work on temporary assignments here and there as it is to keep them on the substitute list and keep them filling these temporary assignments. I am inclined to think that the substitute service in the Postal Service ought to be abolished entirely. I do not see why a man ought to substitute in the Postal Service any more than he does in any other service, and I think this: No man ought to be appointed to the service unless he has demonstrated his ability. The men in the service do not want a man in there unless he can be a good postal employee, and I think we ought to develop a system which will give a man, say, six months or a year, if they think that is necessary, to qualify. In that time he has got to learn his duties; he has got to go before his examining clerk and be put through his examinations, and he has got to demonstrate that he is qualified to be a regular employee. Then, I think, at the end of that time—six months or a year—he ought to be made a regular employee and be permitted to go on up through the grades, just as any other employees.

The CHAIRMAN. Did you appear before the joint commission, Mr. Ryan?

Mr. RYAN. No; I did not, Mr. Chairman. I visited the cities the commission went to and listened to the testimony, and I understand they are to have further hearings in the city, and representatives of the various groups of employees will have an opportunity to appear before the commission.

The CHAIRMAN. I hope that is so, because I think your ideas are worthy of consideration, and the commission ought to keep them in mind when it recommends any reorganization of the service, because that is entirely proper.

Mr. RYAN. That is all I have to offer, because, as I said before, I recognize the situation that prevails, and how unwise it would be for this committee to attempt to do anything until they get the information from the commission which ought to come in the form of its recommendations and reports.

The CHAIRMAN. I want to say this, and for the record, too; I do not know whether I have made the public statement before or not, but I feel under great obligations to such a man as you who have helped me, and helped the others, to solve this difficult problem. We are sometimes confronted by men who are looking after selfish interests, as they are hired to do, and they sometimes lose sight of the larger problem with which Congress has to deal, and that is it must consider the interests of the Government, and in doing that, of course, it is considering the interest of the employees. But it has to have some regard for the Treasury, and while we want to listen to the arguments I have been greatly pleased—and I say this personally—that the attitude you have shown toward me in my efforts to deal with these problems have been a very great help to me, and we are all working for the same thing, Mr. Ryan, you and I, and are working for the Government.

Mr. RYAN. Absolutely.

The CHAIRMAN. Your interest and the Government's interest; you are just as much interested in the Government as I am; we are both working for the same thing, and if we have that in mind always we will come more nearly to solving these questions than we can any other way, and I just express my appreciation of the attitude you have taken toward these matters since I have been chairman of this committee.

Mr. RYAN. Well, Mr. Chairman, it is needless for me to say how much I appreciate it, and it is not so much a personal credit to me as it is to the railway postal clerks. We adopted, years ago, the policy of first attempting to be good Americans, and to bear our burdens as best we could and until we could convince Congress that some remedy ought to be offered for some conditions, and in return I say this: That my experience in coming in contact with Members of the House and Senate has been most pleasant, and I am one of those who do not agree with the criticisms that are frequently made of Congress, because I have found, by personal contact with Members of this body, that after all it is the wonderful body it ought be in a Nation of this kind, and the men who compose it at all times are absolutely trying to do what they believe to be reasonable and right.

The CHAIRMAN. Thank you, very much.

Mr. RYAN. And I thank you.

The CHAIRMAN. Anybody else who wants to be heard?

#### STATEMENT OF MR. THOMAS F. FLAHERTY IN BEHALF OF THE NATIONAL FEDERATION OF POST OFFICE CLERKS.

Mr. FLAHERTY. My name is Thomas F. Flaherty, secretary-treasurer of the National Federation of Post Office Clerks.

Now, Mr. Chairman and members of the committee, I think I realize in common with members of the committee the fact there has been an exhaustive study by the Postal Salary Commission, of which Senator Sterling is a member, of this general subject of postal salaries, and therefore this committee at this time is averse to going into the matter very deeply for that reason, preferring to await the report of the commission. I think all of us are somewhat disappointed that this report is not now available and seemingly will

not be available for incorporation into the postal appropriation bill. I have been in Washington a number of years in my capacity as legislative representative, and I know it is difficult if not impossible at times to get through a separate wage measure. You know that, Mr. Chairman, particularly, from your experience in the House, where the calendar is generally crowded and where it requires a special rule, and so on.

And so, I am fearful, unless something is done in this bill, it will not be done in time to be available on July 1, 1920. That is, for the next fiscal year. Nevertheless, I realize the general financial problems confronting the Congress, and in fact confronting the world, and I believe the postal employees generally realize it also, and if this committee feels that the House section, known as section 2 in the bill, is the best it can do at this time, why, naturally, the employees will wait with what patience they can the coming report of the commission.

I was impressed, too, Mr. Chairman, with what you said when Mr. Brown was testifying. After all, is it merely a question of salary that causes the unrest and discontent in the service, and dissatisfaction generally?

Now, speaking for the clerical force, and I can speak for them as their representative, there are collateral questions separate and distinct from the salary question. For instance, the question of night work. There is no differential whatsoever, Senator, in so far as wages or time off is concerned, in favor of these night clerks, who must work nights, and that applies to the majority of the distributors. Upon them also is imposed the overtime largely, for which there is no punitive rate. That is, the Post Office Department does not pay time and a half for work in excess of eight hours.

Upon this particular group also is imposed the home scheme study, which is office work, although done on their own time. They must acquire knowledge of these distribution schemes. It has no application, is not salable to a private employer, is only valuable inside of the post office, and yet upon these men is imposed the task of memorizing thousands and thousands of separate and distinct facts after eight hours of work in the Postal Service.

This particular group I have in mind, namely, the distributors, work, as I say, largely at nights, and I think this committee might, in this bill, alleviate the condition confronting them by some legislation granting, let us say, a time differential of 15 minutes on each hour for those who must work after 6 p. m. or prior to 6 a. m. That would cover a majority of the distributors. It is not revolutionary; the Government, in its conduct of the Printing Office, grants 20 per cent wage differential between 5 p. m. and 8 a. m.

Senator STERLING. By that you mean so many minutes to constitute an hour?

Mr. FLAHERTY. Forty-five minutes, Senator. Senator Lewis had a bill before this committee that embodies our ideas on the subject. [Reading:]

Hereafter 45 minutes of night work performed by clerks and carriers in first and second class post offices and railway postal clerks assigned to railway terminal post offices shall be computed the same as one hour's daywork. For the purposes of this act night work shall be defined as any work between the hours of 6 p. m. and 6 a. m.

We want the committee to recognize the hardships of night work to the extent of granting those men who perform it a time differential of 15 minutes on each hour. The majority of the post-office clerks, especially in the mailing division, must report for work in the afternoon. Part of the tour of duty extends beyond 6 p. m. This would not affect anyone whose duty ends before 6 p. m. Most of them, as I state, must report in the afternoon for work.

The CHAIRMAN. Have the members of the department ever tried to arrange so that those who worked nights will finally come to work in daytime?

Mr. FLAHERTY. There is no standard seniority system, Senator, in the Postal Service. That, I might say, applies to all branches of the service; not only the clerical force. There is in some offices, however, an attempt to recognize seniority by appointing new employees in the mailing division on the night shift and then gradually working down, but the process is too slow, Senator. In an office like Chicago, there are men who have been on these night shifts for 20 years or longer. That is a lifetime of night work.

I will state, and it must be stated to the credit of the department, that within the past two weeks the department has issued a regulation to the effect that hereafter clerks will be appointed in the mailing division and must qualify on schemes. That means that hereafter clerks now in the mailing division will have an opportunity to be assigned to more desirable jobs.

The CHAIRMAN. I had understood that.

Mr. FLAHERTY. Now, this question of overtime is a big one for this particular group I have in mind, namely, distributors. There is no punitive rate for it. We have a bill before this committee, introduced by Senator McKellar in June, 1919, which provides for time and a half for all work in excess of eight hours. It has been the experience that unless there is a punitive rate on 9, 10, and 11 hour periods, there is always a disposition and inclination to work the men overtime. That is particularly true in this group, because after all we know, in the distribution service, the tendency on the part of the supervisor immediately in charge is to keep old men there rather than recruit the force up to proper working standards, I think, inasmuch as this postal overtime is largely worked at night, it is only fair and just and equitable that the rate of time and half be paid for it. The biggest benefit, however, from the punitive rate, is it would bring about closer observance of the postal eight-hour law, in so far as distributors are concerned.

The CHAIRMAN. Do you think that would add materially to the cost?

Mr. FLAHERTY. As a matter of fact, Senator, my idea is that it would decrease costs. Of course, the department will not take that position. Mr. Koons thinks otherwise. Mr. Koons was asked the question when testifying before the House Post Office Committee, and he said he thought there might be a tendency for the men to loaf or malinger, but I do not concur in that view at all. That, I think, is an affront to the efficiency of the supervisory force, because a man can not work overtime unless he is ordered to do so.

The supervisory force can see that his work is up at the end of eight hours, and at the present time we are confronted with this

situation, Senator: That in the bill passed on November 8, 1919, with which you are familiar, there was a substitute rate fixed at 60 cents an hour. Now, it so happens that the rate is larger than the rate paid for men in the service at \$1,200 or \$1,300, with the result that there is a disposition on the part of the supervisory force to keep the regular men overtime rather than hire substitutes.

The CHAIRMAN. Well, I asked him questions about that, and he denied that they were doing it. Do you know whether that has been done since we passed that law or not?

Mr. FLAHERTY. The department's alibi, if I may call it such, is this: They can not get substitutes. There was a provision in the last postal act to the effect that a postmaster is prohibited from working a regular clerk overtime if it is practical to employ a substitute. Well, that word "practical" in there virtually nullified that law, because they took the position that it is not practical to get substitutes on this distribution work. We have the situation now in Chicago where the distributors are being worked 10 and 11 hours a day.

They are protesting and kicking; they want relief, but the department says there are no substitutes available, and I do not see any remedy unless you put this punitive rate on, which would mean that the department would watch more closely than it does now this overtime.

Senator STERLING. How about the time differential? Is that a different proposition?

Mr. FLAHERTY. That is a different proposition entirely, Senator Sterling, the time differential. In a way they cover much the same ground. The time differential, of course, would apply to men working nights. Time and a half would apply to everybody, the night workers as well as the day workers, but both problems, in a way, are correlated. They affect largely the distributors, who, after all, must perform the night work. I can see no conflict. In fact, we might put both into operation.

Senator Henderson. Well, now, for instance, you begin to work after 6.

Mr. FLAHERTY. Yes.

Senator HENDERSON. Every four hours' time would save one hour in the differential?

Mr. FLAHERTY. Yes.

Senator HENDERSON. So, instead of working 8 hours at night, you would get the full 8 hours' shift by working 6 hours?

Mr. FLAHERTY. That is true, Senator, as to the man working entirely after 6.

Senator HENDERSON. Yes; that is what I mean; between 6 a. m. and 6 p. m.

Mr. FLAHERTY. Precisely. But let us take the larger group and say they go to work at 2 o'clock in the afternoon—and they do, thousands of them. That is probably the largest shift in most mailing divisions. They work four hours after 6. Those men would get a seven-hour day. When you take into consideration that you pass appropriation bills every session for the Government departments and bureaus here in the District, where all the clerks have a seven-hour day, I say there is nothing revolutionary in this; you

would merely give the postal clerks the same concession that the Government clerks now have in the District.

Now, Senator Townsend, in your absence, Senator Newberry introduced this bill granting a 30-day leave of absence?

The CHAIRMAN. Yes.

Mr. FLAHERTY. That is before this committee, and I suppose if the committee decides to place any corrective legislation in the bill this particular measure will be given consideration. The postal employees have no sick leave; they are different in that respect from Government employees here. They get only 15 days. As you are aware, this bill of Senator Townsend's proposed to grant 30 days leave with pay. All absence on account of sickness would be deducted from the leave.

Senator STERLING. Is not that joint commission taking that up?

Mr. FLAHERTY. You mean the joint salary commission that is now investigating postal salaries?

Senator STERLING. Yes.

Mr. FLAHERTY. Well, as I say, the commission has not indicated what its report will be. In the testimony submitted on the subject by witnesses who have appeared, these various matters have been gone over.

Senator STERLING. I should think that would be considered by the joint commission.

The CHAIRMAN. I want to say to the committee, what I had in mind was to try to equalize the postal employees with other employees of the Government. I could see no reason why they should not be granted the same leave of absence and privileges that other employees have. I did not press that matter after it was introduced, for the reason that we were not considering increases of salaries, and the department felt that was going to impose a very heavy drain upon the Treasury, was going to cost a good deal of money, and I had hoped in time we could give that amount of money to the employees, and that possibly this might wait until we made the adjustment of these things. I am just as much in favor of it as I always have been; I think it ought to be done; we ought to grant the same absence leave to the employees of the Post Office Department that we do to other departments of the Government, and I think it is a good investment.

Senator STERLING. That is granted in all of the departments outside of the Postal Department.

Mr. FLAHERTY. It is.

Senator STERLING. And we now have these very matters in consideration before the joint commission, reclassifying the salaries of the postal employees of the District of Columbia.

Mr. FLAHERTY. The postal employee gets no sick leave whatever, and if he is unfortunate enough to become incapacitated through sickness his pay stops.

The CHAIRMAN. I know that, and I am in very great sympathy with the proposition myself.

Senator STERLING. You see, there are so many angles to that that must be considered. One is, must we make them earn their leave before it is granted; or, another, sick leave could not be granted before they had been in the service a required length of time, because a

new person might need the sick leave right away, and in some of the cases they have to wait until they have been in the service a year.

Mr. FLAHERTY. Well, the Senator in his bill provides that it shall be lawful to allow leave only to those who have served three months or more. In short, one would have to be in the service three months before being allowed their leave.

The CHAIRMAN. Well, I am going to discuss that, Mr. Flaherty. I am going to bring it up. I am going to be fair with you as I have been with the other employees. I am not inclined to believe that the committee will change the matter just now, because very many reasons would come up that would affect the action of the Senate and the House in reference to salaries, but that must be dealt with. I have no hesitation in saying that I want it adjusted, and I feel confident in saying it is going to be adjusted.

Mr. FLAHERTY. One other point, Senator Sterling; may I ask you what is the status of the retirement bill?

Senator STERLING. Well, it is the next bill for consideration. I think it is the pending bill. I think it will be reached on the calendar, and under the program that has been given out, this week, some day.

Mr. FLAHERTY. Well, I touched upon these matters which you might say are collateral and indirectly involved in the salary question section, for the reason, as I stated, I was struck with the remarks of the chairman that, after all, is there not something more than salaries these men want? There is, and if you can make the service more attractive, from an employment standpoint, by the enactment of a retirement resolution and the granting of sick leave and the time differential for night work, and some agency that the men can go to for adjustment of their grievances, I think the Government can successfully compete with outside enterprises.

The CHAIRMAN. I do, too.

Mr. FLAHERTY. In the absence of that we are going to have difficulty.

The CHAIRMAN. Has anyone else anything to say here on this proposition? If not, that will be all.

(Whereupon, at 12.45 p. m., the committee adjourned.)

# POST OFFICE APPROPRIATION BILL, 1921.

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TUESDAY, FEBRUARY 3, 1920.

UNITED STATES SENATE,  
SUBCOMMITTEE ON POST OFFICES AND POST ROADS,  
*Washington, D. C.*

The committee met at 10.30 o'clock a. m., pursuant to adjournment, in the committee room, Capitol, Senator Charles E. Townsend, presiding.

Present: Senators Townsend (chairman), Sterling, Phipps, and Henderson.

The CHAIRMAN. The committee will come to order. We have Mr. McKaig here, who desires to make a statement to the committee.

Will you give the committee your full name, address, and business?

## **STATEMENT OF MR. ALVIN WILLISTON MCKAIG.**

Mr. MCKAIG. My name is Alvin Williston McKaig. I am assistant general manager and general superintendent of the Florida-West Indies Airways (Inc.), 890 Broadway, New York City.

Maj. Bonnell, vice president and general manager of the Florida-West Indies Airways, is now in Cuba, and I, as assistant general manager and general superintendent of the company, have come here to represent the company in the matter pending.

We are operating or rather will soon start to operate an air service, carrying passengers and mail and luggage between Key West and Habana. We have secured already the privilege of using the naval air station at Key West until abandoned and have all facilities necessary to carry on a very satisfactory year-round schedule. We have gone into it thoroughly, worked on it hard, and spent several months in order to make the proposition work out satisfactorily and on what we would consider a very thorough and safe basis. We are anxious, as far as we ourselves are concerned, to secure legislation which will permit us to bid to the Post Office Department for a contract to carry first-class letter mail from Key West to Habana. Under the present statute that is impossible. The Comptroller of the Treasury has given out a decision to Mr. Praeger that it was illegal at this time to have the Post Office Department award such a contract.

The CHAIRMAN. Yes; we understand that. What is your company, and of whom does it consist?

Mr. MCKAIG. It is composed of ex-service men in business in New York City. The operating personnel is all ex-service men of the Navy, ex-naval men, except Maj. Bonnell, who is general manager, and he was a major for two years in the R. A. F. and two years in the American air service.

The CHAIRMAN. What capital do you have?

Mr. McKAIG. We are incorporated in Cuba for \$750,000, and started out with \$250,000 cash in order to make the enterprise absolutely safe in every way.

The CHAIRMAN. How many planes have you?

Mr. McKAIG. Six of the large F5L type of machines, which are capable of operating in any kind of weather. They have been operated very successfully for two years with the fleet. We have bought them from the Navy Department and altered them ourselves. They are substantial and can ride on any kind of rough water and stand any kind of weather conditions.

The CHAIRMAN. They are what you call hydroplanes?

Mr. McKAIG. Hydro-airplanes.

Senator PHIPPS. What is the horsepower of the engine?

Mr. McKAIG. Four hundred horsepower; that is 800 horsepower per plane.

The CHAIRMAN. They have double engines?

Mr. McKAIG. Yes, sir. They also have safety devices, wireless telephone sets and wireless sending sets on each plane.

The CHAIRMAN. Do you think you are able to compete with steamships which now have contracts for carrying mail?

Mr. McKAIG. We are able to compete very satisfactorily in view of the fact that we are able to give a very regular and satisfactory service. Two round trips every day between Key West and Habana and one round trip from Key West to Miami allow a saving of in the neighborhood of 48 hours two days in the week and about 24 hours five days in the week. The connections at Key West are as follows: The train arrives at 11.20 in the morning and the boat leaves at 10 o'clock at night and gets into Habana at 10 o'clock the next morning. Our plane would leave within half an hour after the train arrived and would place the mail in Habana within an hour and 10 minutes.

The CHAIRMAN. We would still have to have a contract with the steamship lines to carry all other mail except first class?

Mr. McKAIG. Yes, sir; but I do not believe it would interfere in any way with the other contract. I talked to President Beardsley, of the Florida East Coast Railway, some time ago about this, and inquired if we did have the first-class mail whether it would interfere with their plans or business in any way. He informed me that there was so much business between Key West and Habana that their facilities were inadequate in every respect at the present time.

The CHAIRMAN. Who operate the boats—I mean what countries?

Mr. McKAIG. The Florida East Coast Railway operates it, and it is called the P. & O. Steamship Co.

The CHAIRMAN. An American organization?

Mr. McKAIG. Yes, sir.

Senator PHIPPS. Are you correct in stating that while the train arrives at Key West at 11.20 a. m. the boat does not leave until 10 o'clock the same night?

Mr. McKAIG. Yes, sir. If you arrive in Key West at 10.20 on Saturday morning, you wait until Sunday night at 10 o'clock to leave. That happens twice a week.

The CHAIRMAN. What are the business relations that would demand this emergency carriage, if it might be so termed, between the United States and Cuba?

Mr. McKAIG. If you will recognize what has been transpiring there this past year, this fall and this winter, you will realize that the mail has been considerably hampered. They have had difficulty in securing steamers; they have had difficulty in keeping the crews working. They have strikes of all kinds, and in the harbor at Habana they have just closed and arrested the labor leaders there for the past eight weeks, so that they have been handicapped badly. I spent five weeks in that territory looking over the ground and sizing up the situation and taking statistics as to travel, the mail, etc. I find that it would be a very material benefit to the Post Office Department to have a delivery of mail regularly and rapidly, inasmuch as there is an enormous amount of mail going down there. It is increasing from day to day, and it is important mail in view of the fact that the business relations between Cuba and the United States are increasing rapidly. The liquor industry is also booming very greatly down there. I should say our schedule is and will be a very satisfactory arrangement for the Post Office Department.

The CHAIRMAN. You say you are operating airplanes down there for the purpose of carrying passengers and luggage?

Mr. McKAIG. Yes; and 500 pounds of first-class letter mail.

The CHAIRMAN. How many passengers can you carry in your machine?

Mr. McKAIG. Eleven or twelve, according to the arrangements of the seats. One mechanic rides with us all the time anyway.

The CHAIRMAN. What luggage do you have in mind?

Mr. McKAIG. Anybody carrying a small bag would not like to check it, but would preferably put that in the luggage compartment of the plane and carry it with them.

The CHAIRMAN. How many pounds will the machine carry?

Mr. McKAIG. The F5L will carry 3,000 useful pounds.

Senator PHIPPS. What is the weight of the plane?

Mr. McKAIG. The plane weighs  $5\frac{1}{2}$  to 6 tons loaded.

Senator PHIPPS. I am trying to get at the weight of the plane itself.

Mr. McKAIG. The weight of the plane I should say is in the neighborhood of 7,000 pounds.

Senator PHIPPS. Then you would not run up to  $5\frac{1}{2}$  tons, would you?

Mr. McKAIG. With 3,000 useful pounds of load, you would run up to 5 tons at least.

The CHAIRMAN. Are you operating the line now?

Mr. McKAIG. No, sir. We are expecting to start operations between the 20th and 28th of February.

The CHAIRMAN. You have been conducting some experiments across there?

Mr. McKAIG. No, sir. We absolutely know, through the experiences of the same type of machine with the fleet, that with proper inspection and proper enginemen, which we have secured, there is no reason for doubt in any way of our operations and their success. It takes an hour and 10 minutes for the trip, and you can see land almost

from the time you start out until the time you land. The weather conditions in Cuba and Key West are ideal. For instance, last year there were only four days in the year that machines were not operating at the naval air station at Key West.

The CHAIRMAN. Your proposition is to enter into a contract with the Post Office Department, if it is given authority to do so, whereby you will bond yourself to carry first-class letter mail on regular schedules twice a day across from Key West to Habana?

Mr. MCKAIG. Yes, sir. The same steps are being taken with the Cuban Government. They assure us that with the privilege which the United States will grant us, as we hope, they will grant us the same privilege.

The CHAIRMAN. Before your privilege here would be of any consequence you would have to get the consent of the Cuban Government to land the men and to operate between the two countries.

Mr. MCKAIG. Yes, sir. I have already taken that up with the postmaster general of Cuba, and I think there will be no difficulty whatever. They are absolutely keen about any connection of this kind between the United States and Cuba. It will very materially assist them, and they feel it is a great thing. They are very anxious and willing in every way to assist us.

Senator HENDERSON. How long does it take to make the trip across?

Mr. MCKAIG. One hour and 10 minutes. Coming back, it takes an hour and a half.

Senator HENDERSON. How long does it take to make the trip by boat?

Mr. MCKAIG. The steamer going over takes 12 hours, and coming back it comes up in the daytime and takes 8 hours. There are two days in the week that it does not run back from Habana and two nights in a week that it does not run from Key West to Habana.

Senator STERLING. What is the distance?

Mr. MCKAIG. Ninety-two miles.

Senator STERLING. Have there been any experimental flights across there?

Mr. MCKAIG. There have been some flights with the Navy HS-2 type of machine, which are small single-motor planes. They have all been successful except one, which was a forced landing.

Senator HENDERSON. But they got up and went on?

Mr. MCKAIG. Yes, sir. There have been two other forced landings with two planes.

I had a letter from you, Senator Sterling, on the subject, stating that it would be difficult for the Committee on Civil Service and Retrenchment to see any way out for a special appropriation for aviation mail under a condition of this kind. I think your last paragraph stated that in view of the present views on retrenchment it would be very difficult to secure a special appropriation for aviation mail service.

Senator STERLING. I did not write that letter as chairman of the Committee on Civil Service and Retrenchment. I meant retrenchment generally.

Mr. MCKAIG. Yes, sir; I knew you meant that, but you see this does not ask for any special appropriation or any appropriation of any kind. It simply asks for the privilege to us, that after we can assure ourselves and the Government and the Post Office Department

and everybody concerned that we can operate satisfactorily and safely over that course and deliver the mails at a very great saving of time and in a satisfactory manner, and in a safe manner, that we can have the privilege of bidding to the Post Office Department and let them decide whether it is worth while or not. At the present time the laws do not even allow us to bid and do not allow them even to consider the proposition.

**The CHAIRMAN.** Is there anything further, Mr. McKaig?

**Mr. McKaig.** I should like to say that the present facilities of the railway company, as I said, are very inadequate. They are attempting to cope with the situation, but that is one reason why the naval air station at Key West is to be abandoned on July 1, 1920. They are taking over every inch of that ground and are going to attempt to build for themselves more facilities for handling the present business going to Cuba. It is simply enormous in its extent.

If we are granted this privilege it will very greatly benefit commercial aviation as a whole in the country. You will realize that no commercial aviation activities have been supported by the Government thus far. It has taken a decline and is still on the decline. The aviation business must be supported or it will continue to decline. The Airplane Manufacturers' Association, which includes about 20 various manufacturers in this country, are so concerned that they are on edge about the whole situation. It simply means that if this privilege is granted it will be the first real privilege granted to commercial aviation in any respect, as far as I can learn, in this country, and it will give the manufacturers the feeling that something is coming along gradually which will give them some assurance for the future.

You will notice now that their personnel is depleted to a remarkable degree. They are so low that they can not take contracts, even. If they had to do so now, they would simply have to build back on the old prewar basis and establish themselves in the matter of personnel again. Aviation, commercially, abroad is so extensive that, for instance, the Handley-Page Co. has 8,000 mechanics in its factory developing commercial airplanes of all kinds. It is not only true there, but it is true in Germany in the same way, and it is true in France in the same way. I have a list compiled by the War Department of the commercial activities of the various countries in airplane work.

**Senator PHIPPS.** Including the United States?

**Mr. McKaig.** It covers the world over, even Argentina and Peru.

**The CHAIRMAN.** Where did you get that list?

**Mr. McKaig.** From the War Department.

**The CHAIRMAN.** Will you file a copy of that with the committee?

**Mr. McKaig.** Yes, sir; I will be glad to do so.

**The CHAIRMAN.** We shall be glad to have it for our information. (The list referred to is here printed in full, as follows:)

#### ARGENTINA.

**Italian mission:** Twenty-two machines and accessories; Italian company; line, Buenos Aires to Montevideo; planes, 1 Caproni. (United States embassy, Mar. 24, 1919.)

**English mission:** The River Plate Aviation Co.; capital, \$200,000 gold; airplanes, two five-passenger and three three-passenger, ordered. "The Handley-

Page British Expedition"; capital, \$1,000,000; airplanes, plans for 40-passenger machines. (Military attaché, Sept. 11, 1919.)

French mission: Airplanes, 24 of "limousine" and "coupe" type; lines, plan to establish mail line, Argentina-Paraguay. "Franco-Argentina Aeriel Transportation Co.; capital, \$1,000,000. (American consul, Sept. 17, 1919.)

German mission: Expect arrival in near future.

American activities: Curtiss endeavoring to establish schools and passenger routes.

#### BELGIUM.

Kongo line: Postal and communication.

Proposed postal service: Brussels, Paris, and London; Government to subsidize commercial aviation.

"National Society": Capital, 775,000 francs; purpose, study of aerial transportation. (M. I. D., December, 1919.)

#### BOLIVIA.

Curtiss Co. trying to sell planes to Bolivian Government. (M. I. D. Nov., 1919.)

#### BRAZIL.

Italian activities: The Cia. Italo-Brazilera de Transportes Aerias; capital, large; airplanes, several hydroplanes; two Capronis, near future. (Commercial attaché, Sept. 20, 1919.)

English activities: Handley-Page; line, Pernambuco to Montevideo proposed; service, postal and passenger. Vickers-Vimy; working for postal contracts. (Commercial attaché, Aug. 30, 1919.) Davison, Pullen & Co.; concessions for aerial service; various points in Republic.

American activities: Curtiss Co.; planes, 3; service, commercial. (Commercial attaché, Aug. 30, 1919.)

National Brazilian Commercial School proposed. (Consul general, Aug. 30, 1919.)

Messrs. Sutos & Gaos: Aerial transportation between various cities.

#### CHILE.

The Aircraft Co.: Proposed lines to principal cities.

Johns-Thomas Aircraft Factory: Capital, \$2,500,000. (Military attaché, Nov. 10, 1919.)

English firm proposed mail service: Government to subsidize to extent of \$50,000. (Military attaché.)

William, Balfour & Co.: Service, sell English planes. (Military attaché.)

Vickers Co. proposed: Capital, \$1,000,000; planes, 12; service, mail, express, and passengers; fare, \$31 for passenger, \$8 per ton for freight between Valparaiso and Santiago. (American consul, May 3, 1919.)

French activities: French commercial aeronautical mission: line, Valparaiso to Santiago; planes, four Farman Goliath, several hydroplanes, and four Glissiers; capital, proposed 3,000,000 francs.

Italian activities: Proposed company; service, mail and passenger; line, between Genoa and Santiago.

#### CHINA.

Chinese Government: Proposed aerial mail routes; airplanes, 6 Handley-Page; lines, Hsuan Whaif, near Kalgan to various stations in outer Mongolia. (M. I. D., August, 1919.)

Curtiss Co.: Sales offices in Shanghai and Peking; proposed school at Manila, P. I.; expect large number of Chinese students.

British: Have aircraft representatives in the country. (M. I. D., Sept. 13, 1919.)

Vickers-Vimy Co.: Government has ordered a number of their machines for aerial communications with greatly separated cities; planes, 100 machines by the end of 1920; price, \$9,000,000 for planes, spares, and ground establishments. (H. A. 2244, Nov. 17, 1919.)

## COLOMBIA.

**Messrs. Mexia and Escheverria of Medellin are trying to secure mail contracts with the Government. (M. I. D., Nov. 24, 1919.)**

## CUBA.

**Florida-West Indies Airways (Inc.): Service, passengers; lines—between Palm Beach, Key West, and Habana.**

**American Transatlantic Oceanic Co.: Passengers about Cuba and to Florida.**

**Curtiss Exhibition Co.: Passengers.**

**Mr. Anibal J. de Mesa Co.: Lines between Habana, Key West, and Miami, Fla.; airplanes, two Farman-Goliaths, and six 2-passenger planes.**

**Aero Limited (Inc.): Proposed lines between Florida points and Cuba.**

## ECUADOR.

**Government has advanced \$1,947 for the purpose of developing commercial aviation. (M. A. report, Nov. 18, 1919.) No firms have been formed.**

## FINLAND.

**M. Frenokel: Proposed company: service, postal; lines, between Stockholm and Helsingfors, also to Reval and Petrograd and possibly Berlin and London.**

## FRANCE.

**Subsidized commercial aviation to the amount of 18,000,000 francs.**

**Government postal routes between Paris-London, Paris-Lille-Rabat, Toulouse-Rabat.**

**Military machines carrying mail between Athens-Saloniki (weekly service), Constantinople-Saloniki (irregular), Constantinople-Bucharest (biweekly), Bucharest-Galatz-Kichened (irregular).**

**The most important transport companies are: The Compagnie de Messageries Aeriennes, which is working in conjunction with Messrs. Handley-Page; the Compagnie Generale Trans-Aeriennes, working in conjunction with Aircraft Transport & Travel Co.; the Compagnie de Navigation Aerienne; and the Farman Co. The first two have contracts for carrying mail.**

**Dirigible Co.: Proposed; airships, four rigid, of 3,000,000 cubic feet capacity; lines, between Paris-Marseilles and Africa; later to South America, via Dakar.**

**France has sent aviation missions to the following countries: Spain, Czechoslovakia, Argentina, Japan, Brazil, China, Finland, Greece, Peru, Poland, Roumania, Siberia, Switzerland, and Turkey.**

## GERMANY.

**Postal and passenger routes are in operation between the following cities: Berlin-Hamburg; Berlin-Hanover; Berlin-Liepzig; Berlin-Weimar; Leipzig-Weimar; Berlin-Warnemunde; Berlin-Gelsenkirchen-Rothausen.**

**Saxon Aerial Navigation Co.: Service, postal route; lines, three directions from Dresden.**

**Bavarian Aerial Lloyd: Service, postal route; lines, three directions from Munich.**

**International Aerial Traffic Co.: Proposed; service, postal, passenger, and express; lines to America.**

**Proposed company: Service, postal, passenger, and "aerograms"; route, Berlin to Copenhagen.**

## GREAT BRITAIN.

**Commercial agreements have been made with Belgium, France, Holland, Italy, Portugal, Denmark, Norway, Spain, and Switzerland in an effort to establish one set of aerial rules for the whole of Europe.**

**The following approximate figures, which have been supplied voluntarily by certain of the firms engaged in civil air traffic, are interesting as showing the**

extent of the work carried out, and for the mileage covered, the number of accidents must be regarded as remarkably small:

|                                |         |
|--------------------------------|---------|
| Number of hours flown.....     | 4,000   |
| Number of flights.....         | 21,000  |
| Number of passengers.....      | 52,000  |
| Approximate mileage.....       | 303,000 |
| Total number of accidents..... | 13      |
| Number of fatal accidents..... | 2       |

|                         | Total number. | Per 1,000 flights. | Per 1,000 hours flown. |
|-------------------------|---------------|--------------------|------------------------|
| Pilots killed.....      | 2             | 0.005              | 0.5                    |
| Pilots injured.....     | 6             | .286               | 1.5                    |
| Passengers injured..... | 10            | .476               | 2.5                    |

Percentage of passengers injured to those carried, 0.019; in other words, for every 5,200 passengers carried only one has been injured.

Government route: Service, postal and express; route, Cairo to Cape Town. Routes, London-Brussels, London-Paris.

The Continental Daily Parcels Express: Service, mail, passengers, and express; routes, London-Paris, London-Brussels.

Airco Co.: Service, passengers and express; routes, London to Paris and return; miles flown, 50,000; no accidents to any passengers.

Civilian companies have laid out routes over India and planned one to Cape Town via Cairo. (M. I. D., Dec. 15, 1919.)

#### HOLLAND.

International air mail routes are under consideration from Amsterdam to Berlin, Amsterdam to Paris, and Amsterdam to London; also Amsterdam to Groningen, Amsterdam-Hague-Rotterdam. (H. S., Aug. 2, 1919.)

The following aviation routes are to be opened in Holland at the beginning of next year: Flushing-Rotterdam, The Hague-Adam and Greningen; Flushing-Arnhem, with connections with Germany; Amsterdam-Utrecht-Arnhem-Maastricht, communicating with the south; Holland and Germany; Holland and England; Holland to the Dutch East Indies.

Nederlandsche Vliegtuigfabriek: Capital, 1,500,000 florins.

#### ITALY.

Italy has sent aviation missions to Argentina, Brazil, Spain, and Poland, and Scandinavian countries.

Proposed companies to operate between South America and Italy and also one line to Japan via South America.

An aerial mail line is in operation between Italy and Greece.

Operations under the State include lines between Rome and Naples; Nice-Genoa-Pisa-Rome-Naples-Foggia-Otranto; Rome-Sardinia via Corsica.

Societa Caproni: Talledo (Milan); capital, 10,000,000 lire; machines, Caproni of various types—total, 12.

Societa Ansaldi & Co.: Genoa and Turin; value of share, 250 lire; capital, 500,000,000 lire; machines, various types—A, 3; S. V. A., 5; S. V. A., 7; S. V. A., 11.

Fiat: Capital, 100,000,000 lire; Turin; machines, R. 2-B. R.

S. I. A. I.: Milan; capital, F. B. A., S. 8, S. 12, S. 13.

Societa Macchi: Varese; capital, 3,000,000 lire; machines, L. 5, M. 5, M. M. 8, M. 9, M. 14, and M. 15.

Industrial Aviatore Meridonali: Naples; capital, 10,000,000 lire.

Societa Gallinari: Leghorn-Pisa; capital, 3,000,000 lire; machines, F. A., S. 8.

#### JAPAN.

Government appropriates 500,000 yen in June, 1919, for commercial aviation.

Mogie & Co.: Propose to build aircraft factory. (M. A., Oct. 8, 1919.)

Mitsui Co.: Control Standard Aircraft Corporation of New Jersey; propose moving the plant to Japan. (M. A., Oct. 8, 1919.)

French mission endeavored to interest Japanese capital, but were not very successful.

#### PARAGUAY.

Italian mission visited the country and presented the Government with an airplane. (American consul, Aug. 26, 1919.)

#### PERU.

Handley-Page Co.: Proposed routes, established along the coast. (M. I. D., Oct. 25, 1919.)

Curtiss Co.: Endeavoring to secure commercial concessions. (M. A., Nov. 4, 1919.)

French mission: Brought 13 planes and established land and water schools. (M. A. Rept., Nov. 4, 1919.)

Peruvian Government has appropriated 55,000 pounds Peruvian for commercial aviation.

Vicars Co. (Ltd.): Negotiations with Government for establishing a regular airplane service between Lima and Payta via the coast line. Also a line between Lima and Iquitos on the eastern slope of the Andes Mountains.

#### SWITZERLAND.

The following companies have been fomed: The Swiss National Aviatik at Dübendorf—north of Zurich; the Ecole Aero, Lausanne; Avion Tourisme, S. A., Geneve, Rue du Stand; Luftverkehrsgesellschaft Ad Astra, Duforust; the Aero Co., Zurich.

There are lines in operation between Zurich-Berne-Lausanne and Geneve; also routes over the lakes of Switzerland for passengers.

#### UNITED STATES.

Many small companies have been organized, but no large commercial venture has been started, with the exception of the Aerial Mail.

The Curtiss Co. has sent several small missions into South America, but have met with very strong foreign competition.

The forest fire patrol, operated by the Government, now patrols 21,000,000 acres of forests twice daily. They have proven to be about 85 per cent efficient. Some effort at forest patrolling has been attempted with airships, and although not extensive have worked successfully.

#### URUGUAY.

Various allied missions visited this country and created considerable interest in commercial aviation.

#### BAHAMAS.

Bahamas and West Atlantic Avro Co. (Ltd.): Service, commercial and passenger; routes, Bahamas and Florida; capital, backed by A. V. Roe & Co.

#### PORUGAL.

Private corporation: Service, mail concessions sought; capital, \$270,000; routes proposed—Lisbon—Oporto; out of Lisbon, Coimbra, Oporto to various other cities; also out of Leiria, Castello, Branco, Guardia; Vizeu, Villa Real, Braganca, Chaves, Viana do Castello, as well as international service to Madrid. (M. A., Report No. 260.)

#### SIAM.

In January, 1920, to start air-mail service between Bangkok and the eastern Provinces.

#### SPAIN.

The Conde Albis Co.: Service, passenger; machines, two Handley-Pages; capital, backed by Handley-Page and a Spanish electrical company.

Proposed society headed by King of Spain: Service, general service company; routes, Madrid—Barcelona; Barcelona—Marseilles.

## DENMARK—SWEDEN—NORWAY.

Northern Aerial League: Service, to develop commercial aviation.

Norwegian Airflight Co.: Services, passenger, postal, and express; capital, over 3,000,000 kroners; routes, one to Berlin and the other to London.

Swedish Co.: Proposed routes between Copenhagen and Gothenburg, Christiania along the coast to Kirkenes in the north; also to Scotland and America.

Mr. MCKAIG. I believe the benefit derived by first granting this privilege would be well worth the while not only for the Florida-West Indies Airways, but for the commercial business generally. So far as we are concerned, we need business the year round to stabilize our proposition. Down there, as you all know, there is a season of six months of very great activity and then what we might call an off season of six months. During the busy season we can operate very profitably, but during the remaining six months it is nothing more than a vacation season for the Cuban people who come north, although there is possibly some little business. But with a mail contract which would bring us in some \$35,000 a year or in that neighborhood, we would be able to break the peak into the shallow portion of the load curve, as you may say, and it would stabilize our business the year round, and assure us of remaining in the field.

It will be only a matter of a year or a year and a half until we can show the general public that the service can be and will be made satisfactory, and then we will have our business coming along in good shape.

Senator PHIPPS. Have you decided upon what rates you will charge per passenger?

Mr. MCKAIG. We have decided closely. It will be between \$50 and \$60, I should say. The boat charges \$16, and that is the highest-priced steamboat line in the world, according to the figures I have been able to get.

Senator STERLING. Why do you say a contract for carrying mail would yield approximately \$35,000?

Mr. MCKAIG. We have worked with Mr. Praeger, Second Assistant Postmaster General, in figuring out an approximate estimate of what 500 pounds of letter mail per trip would amount to on a substantial basis, one which would probably be satisfactory to the Post Office Department, and that is about what it figures.

The CHAIRMAN. The Post Office Department perhaps think they are going to make a contract with you which would be practically at the same rate they are now paying the steamships for carrying the mail.

Mr. MCKAIG. It will possibly be more because they are willing to pay more for the quick delivery and time saving.

The CHAIRMAN. I have a letter from the Postmaster General on that subject, which I was going to take up when we reached that point. His proposition is that it will be practically the same. That portion of his letter reads as follows:

The purpose of the second amendment, under foreign mails, is to permit the making of contracts for carrying mails by aeroplane between the United States and foreign ports, under the ruling of the comptroller, the department being debarred from transporting mail from the United States to foreign ports otherwise than by steamship or, under certain conditions, by sailing vessels. Proposals have already been made at a very low rate and with much greater expedition of the mail for service between Key West and Havana, and I feel

that the department should be given authority to call for bids for the carrying of mail to foreign ports where the service can be rendered for substantially the same or less money with greater expedition in the mail than by steamship or sailing vessel.

Mr. MCKAIG. Yes, sir; I think that covers the situation exactly. The price that we figured was in the neighborhood of one-third that charged by the commercial airplanes in England. Personally, I do not understand why they should charge so much for carrying mail in England or from London to Paris. There are four commercial companies operating between London and Paris.

Senator HENDERSON. What do they charge per letter?

Mr. MCKAIG. I do not know what their charge is per letter, but it is in the neighborhood of 60 cents a pound.

Senator STERLING. You say your contract would not mean the expenditure of more than one-third the amount that England is expending?

Mr. MCKAIG. Yes, sir; that is according to the figures I have. That is the way we worked it out on what we believed would be a fair proposition to the Post Office Department and a fair proposition to ourselves. I saw some figures and some letters from the Admiralty abroad, but I do not understand why they should charge so much.

Senator STERLING. You say there are four commercial companies operating in Great Britain that have contracts?

Mr. MCKAIG. There are four commercial companies operating between Paris and London. Two of the companies are French and two are English. I believe two of them are carrying mail and parcel post in addition to the passengers.

Senator STERLING. Have the English established any other routes?

Mr. MCKAIG. Yes, sir. They have in the neighborhood of 54 air-dromes in operation.

Senator STERLING. Do they carry mail?

Mr. MCKAIG. I am under the impression that they have mail routes now to practically all the main centers of the island, because air-dromes were first developed commercially and then mail contracts were taken on. The United States was first on the air mail proposition and really was the largest, or was until six months past, but I think England now has taken up the air-mail question actively to a very large extent. That was the last word I had from authorities in New York.

The amount of first-class letter mail going between Key West and Havana amounts to somewhere between 500 and 700 pounds per day—that is of United States letter mail.

Senator PHIPPS. You spoke of an off season. Are you now giving the figures that would be the average for the entire year or for that six months period?

Mr. MCKAIG. I should say that to carry mail it would require the same effort on our part as on the part of the Post Office Department.

Senator PHIPPS. But I am trying to get at the volume of first-class mail.

Mr. MCKAIG. The volume of first-class mail I should say is slightly more in the winter season for six months than it is during the other period of the year.

Senator PHIPPS. It does not drop out of sight at any time during the year?

Mr. MCKAIG. No, sir.

Senator PHIPPS. It keeps up to a large minimum?

Mr. MCKAIG. Yes, sir. There is a remarkable amount of first-class letter mail all the year round.

There is one other point I wanted to bring to your attention, and that is the fact that all of our operating personnel are ex-Navy men, who have had experience with these machines. We feel that after securing ourselves in an operating schedule that we will be, from a military viewpoint, very valuable to the Navy in case of a war emergency. I have no doubt that we would be taken over man for man into the service of the Government like a flash of the eye if a war emergency should be brought about again.

The CHAIRMAN. How many men are you employing?

Mr. MCKAIG. We will employ in the neighborhood of 18 to 20 men. We are in a position to operate much more satisfactorily because of our experience with and knowledge of these machines, than it would be for the Post Office Department or the Government to attempt to put over a similar proposition to carry the mail.

Senator STERLING. You mean as a distinctly Government proposition?

Mr. MCKAIG. Yes, sir. There is one other point to which I would also like to direct your attention. We feel that this matter should have attention because of the advantages being offered in other countries. For instance, in Peru, I think it is, they have appropriated £55,000 for commercial aviation, and in various other countries you will notice similar items in the statement which I will file with the committee. We feel that this privilege can be granted without any serious handicap to the appropriation bill for post offices and post roads, and that it will very materially benefit everybody concerned in commercial aviation and will allow us the privilege of bidding to the Post Office Department on the proposition, which will possibly be considered and contracted for by the Post Office Department.

The CHAIRMAN. How reliable are these tables or figures which you are submitting here, showing the air activities in the various countries of the world?

Mr. MCKAIG. I should consider them as reliable as anything you could get to date. I should consider more reliable than information you might secure from an association like the Aero League of America or the Aero Club of America, etc. The chief of aviation in the War Department is, of course, greatly concerned in what is going on at the present time, and, in view of the fact there is an idea being pushed which will eventually probably bring about a separate air service, these facts were gathered by the War Department in view of what they expect to have to show before some congressional committee.

The CHAIRMAN. How did you obtain the figures?

Mr. MCKAIG. Maj. Bonnell secured them before he left for Cuba, and left them for me in case there was a hearing before this committee before he returned.

The CHAIRMAN. He obtained them from the War Department?

Mr. MCKAIG. Yes, sir.

Senator STERLING. Is the chief of aviation responsible primarily for those figures?

Mr. McKAIG. Yes, sir; entirely so.

The CHAIRMAN. Is there anything further?

Mr. McKAIG. I might say, in closing, that you possibly may not understand what has happened to date on this matter. The House committee, in considering the appropriation bill, did not include the recommendation of the Postmaster General, in view of the fact that it was not exactly clear as to what he was requesting. Therefore, when the original bill was introduced it was brought before the House with an amendment offered by Congressman Ramseyer in order to cover this particular situation as I have explained it to you. On a point of order that was thrown out, and that is the reason it is before you in this peculiar form.

I thank you very much, Mr. Chairman.

The CHAIRMAN. We are glad to have heard your statement.

(Thereupon, at 11.15 o'clock a. m., the committee proceeded to the consideration of other business.)



# POST OFFICE APPROPRIATION BILL, 1921.

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**FRIDAY, FEBRUARY 6, 1920.**

UNITED STATES SENATE,  
SUBCOMMITTEE ON POST OFFICES AND POST ROADS,  
*Washington, D. C.*

The subcommittee met pursuant to adjournment at 10.30 o'clock a. m., in the committee room, Capitol, Senator Charles E. Townsend presiding.

Present: Senators Townsend (chairman), Phipps, and Henderson.

## **STATEMENT OF JOHN E. MILHOLLAND, ESQ.**

**The CHAIRMAN.** Mr. Milholland, are you in charge of the hearing this morning?

**Mr. MILHOLLAND.** Only as representing the International Co. and its constituent properties, such as the Pneumatic Transit Co. of Philadelphia, the London Company, and others. The other holding concern, the Boston Company, is represented here by its own people, President Clapp, Chief Engineer Emerson, and the rest.

**The CHAIRMAN.** I understand that what you want is to be heard relative to the pneumatic tube service in the various cities, New York, Philadelphia, Baltimore, etc.

**Mr. MILHOLLAND.** Yes; and I would like to say a word also about the tunnel scheme. The representative of our rival tunnel system is here also.

**The CHAIRMAN.** You may proceed.

**Mr. MILHOLLAND.** As I recall, Mr. Chairman, when you granted this hearing, it was understood that your committee was pressed for time and, by implication, we should consider that fact; in the presentation of whatever we had to offer we should make it short and to the point. With that in mind, we have reduced the speeches in a drastic way. We have reduced the time required for presentation from hours to minutes. I think you will realize that your suggestion has not been lost.

**The CHAIRMAN.** I appreciate that very much, because the committee is pressed for time, and we can not protract the hearings in the duplication of statements. I am very glad you have followed the course you suggest.

**Mr. MILHOLLAND.** You will find it reflected in what we have to say and what we are not going to bring before you; no job lot of twice-told tales, but everything strictly up to date, so far as in our power to do so.

My first practical suggestion would be a division of time. I do not speak for our Boston friends, but we can present our case quite

easily during the morning session. We have cut down about three hours of the time by some wonderful work on the part of our engineers, one of whom is "stalled" at Niagara Falls and can not get any nearer, which perhaps you will be glad to know. A very good suggestion, however, has been made, which is that by a series of moving pictures which have been arranged the whole story can be given to you in about 13 minutes in such a graphic way that I think you will admit that 3 hours had been well saved. Thanks to the courtesy of Senator Colt, we have been tendered the use of the big room of the Committee on Immigration downstairs, where we will display these moving pictures to you at the close of the hearing, and if you will curtail the hearing by a corresponding length of time, it can all be done in the time stated.

The CHAIRMAN. Does that represent the pneumatic tubes or the tunnel?

Mr. MILHOLLAND. Both. It represents the pneumatic tubes as operated in Philadelphia and also the tunnel is shown with it as operated in our plant in England. The tubes are shown in a way to afford the contrast between them and the mail trucks or automobiles at work on the streets in storms and all that sort of thing.

The CHAIRMAN. Will you proceed now and tell us what you have to say about the matter? We have had some hearings on the tunnel, and we might as well complete that.

Mr. MILHOLLAND. I am already on record, Mr. Chairman, regarding the tunnel. I am on record at the first hearing a year ago and also the hearing a few months ago. The tunnel is, to my mind, a part of the underground urban mail and parcel system that must inevitably come into the larger cities. Against this particular proposition I have stated objections, but the general principle is perfectly sound. We must have the underground electrically driven and controlled tunnel as well as the pneumatic tubes. In the proof of this is that the British post office, after years of investigation by the famous royal and other commissions, came to that conclusion, and the British post office is working now to finish such a system of the most comprehensive character. It is estimated that it will take over 25 per cent of all traffic off the streets. The work of construction has been carried on during the war. The tunnels are all dug and it is simply a question now of putting in the electrical equipment, which is a matter that should not take many months, as the work is well in hand.

This proposition so far as the tunnel is concerned is one which involves no serious engineering difficulty. Indeed, it is absurd to talk about any insoluble engineering problems in such matters nowadays. They have become quite commonplace, for all have been worked out beyond the experimental stage, as have the tubes, the trolley car, and similar instrumentalities for transportation.

I have pointed out from the very beginning that it was rather an unfortunate way to go about building tunnels by first destroying the Tubes. We have a big plant of nearly 60 miles in various cities lying idle, and that should be taken care of first, especially if you would look at it in the way in which I shall endeavor to direct your attention. I do not know of a better argument to-day for underground transportation than is supplied by the storm which is raging outside to-day. The streets are tied up in Chicago, Boston, New York

Philadelphia—wherever the storm is driving. Street traffic is practically blocked. Yet there is at a standstill that which is utterly necessary for the facilitation of the carriage of mail—scientific facilities that have been provided for and yet which are not being utilized. They are lying worse than idle; they are lying there threatened with destruction, which is the reason why we make this pressing appeal to your committee at this time. That, however, is a slight diversion from my main line of thought with reference to the tunnel.

The tunnel is, to my mind, an absolute necessity, but it ought to be made a part of a complete system, a comprehensive system. There is no more reason why New York should not have a complete comprehensive system of tunnels and tubes, similar to that which London is preparing, and which the other capitals of Europe will certainly have, in due time. The French people, for example, have all the plans before them now. They were driven to it the year before the war, 1913, because of the tremendous jump that came in the cost of carrying the mails by autos. The mail carriers united in 1913 and raised their price three times over, and so the post-office department were driven to consider the underground system much more quickly than they otherwise would have been.

The tubes' and the tunnels' possibilities have not been grasped at all. Over in London they are not merely building the tunnels or tubes simply for the mails or parcels that are ordinarily confined to the Post Office. There is no more reason why a system of tunnels and tubes should not be sufficient to carry practically all the parcels of the big stores as well. Our estimates do not differ very much from those of our friends who are on the other side, that we can dispose of easily between 95 and 100 per cent of all the parcels and merchandise. That is the estimate in Paris, New York, and all the larger cities. I do not see any reason why we should not carry everything that is known to be sold at the big stores except such stuff as pianos and bulky furniture.

One of my objections to the tunnel are not engineering objections at all. One is, it seems to me, it will strike right up against the interstate law and cause delay. I pointed it out in a hearing before the House Committee that the proposition of uniting the New York Central and the Pennsylvania Railroad systems is a pretty serious matter, not in an engineering way, but as coming in conflict with the interstate-commerce statutes. I have fortified myself in consultation with some good authorities since, and I believe I am correct in saying that it is going to cause delay and that we are going to have a good deal of trouble in that direction.

The authorities that you will find coming forward in this matter will, I think, sustain that provision. I am sorry that there should be any difficulty in at once getting started. That the material forces the Interboro Co. of New York behind the proposition can carry it out I have not any doubt. I think they are particularly well qualified to do so, but I think they are going at it in the wrong way. I think they should attempt a route that would not be open to that objection I have named. I hope I am as discriminating in my words as I am in my thought that I do not object to the tunnel in principle, but I do object to this particular illustration of tunnel construction.

The CHAIRMAN. What are the interstate objections to which you refer?

Mr. MILHOLLAND. The uniting of two large railroad systems of the country, namely, the Pennsylvania and the New York Central, uniting them in New York by this tunnel that is proposed by this bill. That is to say, it is a tunnel about 13 by 15 feet, I think. That is not an insurmountable objection, but it is one that is going to cause delay, I am satisfied, and I wish for that reason to state my position rather fully. Even in those objections I do not want the slightest spirit of hostility to enter into my feeling about any underground proposition. But why should there be any friction in the matter?

England is building to-day a series of tunnels, as I have already explained. Already the first extension of six miles from Paddington over to Whitechapel, is practically done. They do not begin by tearing out the 340 miles of small tunnels that are in London and other English cities.

As that distinguished postal expert, former Postmaster Morgan of New York, pointed out in this connection:

It never dawned on the British Government, and I am sure it did not occur to France, or any other National or Municipal Government that because they were going to have sometime in the years to come, a tunnel system by which everything could be carried in a limited area they were justified in giving up their hundreds of miles of tubes in which special letters and telegrams have been carried upwards of half a century in London, Paris, Berlin, Budapest, Rome—all the large European cities. That is what Mr. Burleson has done here, and done it at a time when these tubes were needed more than ever—for the war is all that has kept New York people in bounds since July, 1918. They were led to believe that poor mail service was a concomitant of the war and accepted it with all the other privations and inconveniences, in a spirit of self-sacrificing patriotism, not realizing that this sacrifice was wholly uncalled for in this instance. The Government at that time was spending millions just to save time and money—precisely what the tubes were able to do, and what they have been doing ever since their construction; in other words, their abolition was not in the interest of the Nation, but against the vital needs that quick delivery involves. And notwithstanding the fact that the public may now be willing to "forgive and forget" when questioned pathetically by the department regarding the mail service during the war period and may perhaps be inclined to condone its deplorable inefficiency, there is no material improvement, and there will be still delays and confusion while antiquated methods of handling the mails are employed.

The CHAIRMAN. You have not yet made it clear to me where the interstate objection comes in.

Mr. MILHOLLAND. Because you can not unite two great railroad systems of the country in an arbitrary way without coming in conflict with the present interpretation of the interstate-commerce laws; that is to say, if it is going to be done it will have to be done by a thorough, comprehensive enactment that you can not possibly obtain from an outside interest, even if it be the Post Office Department going in and just uniting those two under the guise of a mail contract.

The CHAIRMAN. I do not understand that, but I will consider what you say about it.

Mr. MILHOLLAND. Perhaps in trying to be brief I have been obscure.

The CHAIRMAN. You have at least said enough to start me to thinking about it.

Mr. MILHOLLAND. I will elaborate the point to an extent which I think will not leave anything to the imagination.

Senator PHIPPS. Traffic has to be handled and as a matter of fact is being handled to-day by some method. Assume that method to

be trucks. The traffic must be handled, as I said, in some way. What is the difference if the Post Office Department resorts to a method of transportation by tunnel through its own tunnel on its own property? That does not interfere with the two systems of railroad to which you have referred?

Mr. MILHOLLAND. You do not consider that is uniting two great systems?

Senator PHIPPS. I do not.

Mr. MILHOLLAND. If the Interstate Commerce Commission takes that view of it, then there need be no delay. It is a provision which, it seems to me, arises out of the actualities of the case. If you have two systems of railroad, you have to unite them to build this tunnel. If you are going to build them, why should not the railroads build their own connecting tunnel? Why should the Post Office Department step in and build a connection? Why should not the railroads connect and have a full-fledged connection where they will not only carry mail but passengers and every kind of business between those two big roads? Why not use it thoroughly if you are going to use it at all?

Senator PHIPPS. I am inclined to agree with you, but I think your suggestion that you will elaborate this thought for the record of the hearing will be satisfactory.

Mr. MILHOLLAND. I shall be glad to do that.

The CHAIRMAN. The objection you make is one of a question as to whether it would be a good policy, but I can see no legal objection at all to a proposition of that kind. The Government connects those two stations for the purpose of handling its own mail. If you have the pneumatic tube, would you object to the pneumatic tube running under there?

Mr. MILHOLLAND. A pneumatic tube could not by any stretch of the imagination be considered a railroad connection. That is a matter of 8 or 10 inches in diameter. The other is a much more comprehensive idea of carrying everything that a 10 or 12 or 15 foot tunnel would carry. It does not go far enough, but it goes too far to be brought under the category of a simple connection by a pneumatic tube.

Mr. Chairman, returning to the mail tube story, I want to call your attention to a few things that are right on the surface for consideration. First, against the opposition to the tubes from the Post Office Department—which is the sole opposition—you have here before you the final report on the subject by the Joint Congressional Commission, with the personnel of which you are entirely familiar. The members of it were three Senators and three Congressmen. Of the six members five were united in the conclusions contained in the report, the three Senators and two of the three Congressmen. That report will always remain, for years to come, as one of the most exhaustive, most conscientious reports that has probably ever been made on the subject, and I do not lose sight of the fact that there have been several reports of a very high class; but that is the report that was the basis of the action of the Senate and House in voting in favor of the maintenance of the pneumatic tubes. It was that report that was before Congress at the time.

You will naturally remind me that that was two years ago or a year and a half ago. I wish to call your attention right at the outset

that the attitude of the Senators on the matter has not changed, nor have I any reason to believe that any of the Congressmen have changed in the slightest. To get that beyond all possible doubt I have asked the different members of that joint commission with reference to their present attitude on the matter. The last one I met was former Senator Hardwick, of Georgia. Under date of yesterday he wrote me this letter, which I desire to read into the record:

WASHINGTON, D. C., February 5, 1920.

DEAR MR. MILHOLLAND: In answer to your inquiry where I stand on the mail tube question, I hasten to reply that my position is precisely the same as it was when I joined with my associates, after the most exhaustive examination, in recommending the continuance of this most vitally important service and the purchase of the systems by the Government upon an appraisal by the Interstate Commerce Commission or any other competent disinterested tribunal.

The demoralized service that has followed the inexplicable abandonment of the tubes is so fully realized throughout the country that it is unnecessary for me to say one word on the subject.

Our joint congressional commission made a most exhaustive examination of the whole subject in all its varied relations and the conclusions arrived at by a vote of five to one, represented as conscientious a piece of work as I believe possible under the circumstances. I do not know a single member of the commission that has changed his views. There was no partisanship whatever in the matter. Senator Bankhead, our honored chairman, is as strong to-day for the service as the Republican ranking member, Hon. John W. Weeks, of Massachusetts. I have no reason to think that my distinguished fellow citizen, Congressman Bell, of Georgia, is not as urgent for the service as he was throughout all our deliberations; and Mr. Steenerson, chairman of the House committee, is not a man to change on a subject to which he gave so much earnest and careful study.

I am called to Atlanta this afternoon or I would gladly voluntarily say all this and a great deal more before the Senate Post Office Committee at the hearing to-morrow, but I must keep an imperative engagement at home.

As you know, I was a member of the Post Office Committee for many years before I went on the tube commission. I think I know something of the requirements of the Post Office Department and voice the opinion growing out of my own experience and that of every sensible man familiar with this subject, that no greater reactionary step was ever taken in the Post Office Department than that involving the abandonment of the pneumatic mail tube service.

I sincerely hope the committee will not only protect the machinery from wanton spoliation but will insist upon an immediate restoration of the service and carry out our idea of acquiring the plants immediately upon the appraisal of their value by the Interstate Commerce Commission.

Sincerely yours,

THOMAS W. HARDWICK.

To JOHN E. MILHOLLAND, Esq.,  
New York.

From the other members of the commission, you have already had an expression in one way or another. The Congressional Record furnishes a pretty complete opinion of the different members. You have seen how former Senator Weeks has expressed himself on this proposed spoliation of the tube service as "an act of the wildest bolshevism gone mad."

Senator Bankhead has expressed himself in the Congressional Record doubly strong: "It is wrong, an outrage, and will not stand. The tubes will be reinstated."

Need I elaborate that any further? I only refer to it that you may feel you are looking at a live document in the report that is before you, and not something that has passed out into remote history and is now beyond your consideration. On the contrary, it is before you as a living, throbbing, actual review of to-day. I offer that briefly in lieu of boring you with the reading of even extracts.

I might have followed such extracts with citations from the testimony of a long list of important people, authorities, and including Senator Hoke Smith, of Georgia, whose testimony was given before the committee; Commissioner Hulbert, of New York; Congressman Gallivan, of Massachusetts; Congressman Dallinger, of Massachusetts; former Congressman J. Hampton Moore, now mayor of Philadelphia; Congressman Dyer; Congressman Meeker; Congressman Bennet; of New York, Congressman Olney, of Massachusetts; Congressman Rowe, of New York, and all the mayors of New York City going back for a generation; representatives of the Merchants, Association of New York; the Public Service Commission of New York City; the president of the Borough of Manhattan; the representative of the board of trade, and 50 or 60 others, every one of whom has been here and given personal testimony, including Hon. Peter F. Tague, M. C., Massachusetts; Hon. W. L. Igoe, M. C., Missouri; Hon. W. R. Oglesby, M. C., New York; Hon. John Purroy Mitchel, mayor, New York City; S. C. Mead, secretary Merchants' Association, New York City; William R. Willcox, Public Service Commission, New York City; F. B. DeBerard, Merchants' Association, New York City; E. H. Rosenguest, president Bronx Board of Trade; Lieut. Thomas Myers, inspector traffic, New York City; William P. Eno, traffic expert, New York City; Sophie Irene Loeb, Evening World, New York City; James Brackenridge, vice president Bronx Board of Trade; W. R. Corwine, secretary National Association of Clothiers, New York; F. X. Butler, Safety First Society; Joseph E. Kean, Central Merchants' Association, New York; George E. Bartol, president Bourse, Philadelphia; E. L. Tustin, Board of Trade, Philadelphia; A. B. Clemmor, secretary Board of Trade, Philadelphia; Robert Morris, Chamber of Commerce, Philadelphia; Charles E. Smith, Builders' Exchange, Philadelphia; E. B. Martin, president United Business Men's Association, Philadelphia; John J. Coyle, West Philadelphia Business Men's Association, Philadelphia; S. W. Lawrence, secretary Chamber of Commerce, Philadelphia; Charles S. Jenkins, Farm Journal, Philadelphia; Capt. W. B. Mills, Traffic Bureau, Philadelphia; Miers Busch, president Board of Trade, Philadelphia; Hubert F. Miller, general manager Association Commerce, Chicago; John M. Glenn, Illinois Manufacturers' Association, Chicago; John C. McCture, Advertising Association, Chicago; Charles W. Smith, Rotary Club, Chicago; Leo Heller, Central Business District Association, Chicago; W. E. Kier, Rotary Club, Chicago; Albert Diehm, Manufacturers' Association, East St. Louis; Fred B. Rice, Chamber of Commerce, Boston; E. C. Mansfield, Chamber of Commerce, Boston; John J. O'Callaghan, secretary Street Commission, Boston; F. W. Merrick, United Improvement Association, Boston; W. J. E. Sanders, Chamber of Commerce, Boston; J. L. Messmore, Merchants' Exchange, East St. Louis; Otto F. Karbe, Million Population Club, East St. Louis; R. C. Koenig, 17 civic associations, East St. Louis; Judge Daniel R. Webb, East St. Louis.

Over against that I have looked in vain for a single representation anywhere in the country from any responsible body or organization against the tubes. I have yet to find the first man, before this committee or any other, any newspaper of any responsibility or other expression of public opinion, that has had anything but praise and demand for the restoration of the pneumatic tubes.

The tubes have been abandoned. The public is without them. What has followed? On May 13 the cry went out that the tubes were going to be smashed and thrown out on the street.

The CHAIRMAN. What year was that?

Mr. MILHOLLAND. 1919. Everything had been done by the companies to take all the apparatus out of the way where it would interfere in the slightest degree with the operations of the mail service—that is, their operations of the mail service. We felt that everything had been done that could be done. Nevertheless it was proposed that it be thrown out in the street and smashed up, and at the present time bids are under consideration with that end in view, by which millions of dollars worth of property will be destroyed as wantonly as anything was ever done in the French Revolution.

The CHAIRMAN. Do you mean that the Postmaster General has asked for bids for that purpose?

Mr. MILHOLLAND. Yes; the Postmaster General has asked for bids and bids are under consideration. He has asked for bids in Philadelphia; he has asked for bids in every other city, but in Philadelphia they have asked for bids to go in and tear out the machinery, claiming that it has been "abandoned." We have never abandoned the property and never intend to. We intend to fight for the maintenance of our rights, to the very end, and we do not believe we shall fight in vain. Yet we are compelled to face a situation in which all that vast delicate and intricate machinery will be on the flag heap unless something be done. That is the reason why we ask, first, for a concurrent resolution to be passed protecting our property from such a wanton act which must inevitably fall upon the Government in the end, because sooner or later it will be restored—and here is a reason for saying so.

On the 13th of May, 1919, when this announcement came out, the city of Philadelphia practically rose en masse—

The CHAIRMAN. New York City?

Mr. MILHOLLAND. I am speaking now of Philadelphia. Our friends will speak of New York a little later.

They rose en masse and the chamber of commerce, which represents 70,000 of the leading merchants of the State of Pennsylvania, sent this cable to President Wilson, who was then in Paris negotiating the peace treaty:

PHILADELPHIA, May 13, 1919.

Hon. WOODROW WILSON,  
*President of the United States,*  
*Paris, France.*

We earnestly protest against action of Postmaster General in destroying pneumatic tube service and request you issue order suspending further removal of plants until subject can be discussed by incoming Congress. After an experience of a year without tube service, sentiment of Philadelphia merchants is unanimous in favor of appropriation by Congress for restoration of tubes.

PHILADELPHIA CHAMBER OF COMMERCE,  
ERNEST T. TRIGG, *President.*

A representative of the chamber of commerce, Col. Hicks, is on his way here and will be here before the committee session closes—he has been detained by the storm—to express orally what is already a matter of record in that instance.

That was followed by a similar protest from nearly 100 other business organizations in Philadelphia, including the Business Men's

Association, which is represented here by Mr. Holland, who will give his own testimony fully in behalf of those organizations.

After that came these other organizations and this followed the protest of the man who is responsible originally for the inauguration of the tube service, John Wanamaker, that prince of the business world. He said:

I notice that the measure for destroying the tube post office service is still pending. May I say that I studied very hard before introducing the tube service and convinced myself that in no other way could as good service be given to large cities as through tubes, especially with the overtraffic that has greatly multiplied in all the public streets. It would be a great mistake, I believe, to take such a backward step with the Postal Service.

That you may know that is up to date, I desire to say that I have in my pocket a letter from Mr. Wanamaker, dated February 3, 1920, saying that his health would not permit him coming here in person, for, as you know, he is in his eighty-third year, and is just starting for the South.

I am trying to illustrate what I said first, namely, that it is not my desire or intention to put in the record any dead matter, because I believe it to be unnecessary to put anything before you that has become stale and out of place.

The hearings in Philadelphia, the unanimous action of the merchants, were no exception. I might present to you a list of the associations which Mr. Holland represents, and you will find every one of them a bona fide organization that extends to the very limits of Philadelphia.

Am I correct in that statement, Mr. Holland?

Mr. HOLLAND. That is correct.

Mr. MILHOLLAND. The other organizations that have gone into this thing equally exhaustively will all be represented at the hearing by Col. Hicks—that is, the Board of Trade, the Chamber of Commerce, the Commerce Exchange, the Maritime Exchange, the Grocers and Importers Exchange, the Master Builders Exchange, and the Philadelphia Bourse. Every one of those has expressed himself on this subject, and all in one way. There is not a single, solitary exception in Philadelphia. I do not know that there is any more emphatic protest against the discontinuance of anything than has found expression on this matter.

There are just a few other things I should like to discuss briefly before giving way to our friend. Your committee is asked to give \$3,000,000 for Air Service—to divert 5 per cent of the "working mail" from the Railway Mail Service to the aeroplane. That is a year's rental. They say we only handle 5 per cent in our tubes. That is a mistake, but taking it at that, we ask for only \$1,000,000 or less than \$1,000,000 to keep up this service, the annual rental of the service in all the cities of the country where it is installed. I think that more than covers the rental completely. I call attention to the strange inconsistency of that proposition.

On the proposition of the aeroplane, no one will have the face to say that it is not in its experimental stage. There is not an engineer in all the United States or England or Europe that will say that there is anything experimental about the pneumatic tube. We are in the presence now of engineers at this moment who will tell you there is nothing more experimental about the pneumatic tube than there is

about the steamboat or the locomotive. More than 20 years of satisfactory service has tested the practical character, not a fair weather dilettante daylight service, but the rough-and-tumble day-and-night usage—storm and sunshine—of carrying letters in a practical way.

Mr. Chairman, the notions that prevailed about the pneumatic tube are so ridiculous that it is difficult to pass them by without reference. Talk about the tubes of Europe! We did carry in Philadelphia more mail in one week than all that has been carried in Europe. Of course, that will not be true when the big system is finished in London or in Paris, but I am speaking about the actual condition now owing to the smallness of the tubes over there, which run about from 2 to 3½ inches in diameter. The business that is done is colossal, and yet in days like this, with a terrific snowstorm raging, every one of our tubes is lying idle, people waiting for their mail which is tied up in the storm, and there is not a place in the country from which a protest has not gone out because of slowness in delivery.

They said that the mails could all be carried just as well on the street. That is rather a strange argument to use when the Post Office Department is here begging at your hands for \$2,000,000 to build an underground service in New York. I am not caviling about that. I am simply saying why? What becomes of the original assertion? If the mails can be carried by automobiles in the streets as well as underground, then why do you want money for an underground service? Why do you want to build tunnels? We know that statement about the delivery of mail by automobile is not correct. We know that the only way is by the underground system. We know that yesterday the subways were simply crowded to the limit. People came in off of the streets because they could not get over the streets. The people even came from the elevated because the elevated was blocked. The people came into the subways because the underground system is no longer a question of academic discussion but an absolute necessity in the world of transportation. It does not matter whether it is East, West, North, or South, they have to come to it.

The Government is endeavoring to expedite the delivery of mail between cities. We may rejoice to see the aeroplane or even any possible progressive measure, but we want to ask what is most important and what is most needed? Is it not transportation in the cities? You are running at the present time a pretty fast mail service between New York and Chicago. You run 50 or 60 or 70 or even 80 miles an hour, and I have ridden as fast as 90 miles an hour on the fast mail on the Union Pacific. You are doing good work between cities. That is not the missing link in mail transportation. It is the regrettable fact that when you get to the depots, down you go to 2 or 3 or 4 or 5 or 6 or 7 or 8 miles an hour. Whatever is the legal limit of speed, or whether it is the speed limit or not, that is about as fast as you can average. You do not average 10 miles an hour.

Another point is that the cities that need it most are the cities that are denied this rapid transit. Why should they be denied it? The tubes have a capacity of over 200,000 letters an hour for each line of tubes. The pneumatic tube is no toy. The post-office records show that the tubes transmit from 3,000,000 to 5,000,000 letters a day of

the 24,000,000 that are carried to make connections which otherwise could not be made. The tube is not a local proposition, either. The plants are local, but the effect of those plants is felt in Australia, in every country in the world with which we have mail relations, because connections are made through the means of the pneumatic tube that might otherwise be missed. If you miss a connection in New York by a block with surface traffic, the mail misses a line which will not be duplicated again for a month, perhaps. That is the way it affects the situation all over the world and that is why we have complaints from people saying that they can not understand the reason for the slow delivery of mail.

Why should it be missed? Those of you who have to ride occasionally in New York from one station to another in a taxicab understand perfectly well why this tunnel is forced upon them. If they need the tunnel there, they will have to have it in other places. You can not stop there. There is not an advocate of the tunnel here that does not know that this is going on and must go on. It is the logic of the situation.

Letter mail costs 66 cents a pound to transmit. We are all entitled to the best possible service for that money. It is the highest known cost in the way of express business. Why should they not have the best service? When they talk about the high cost, I assert that it will not stand investigation.

The tubes in 1917 carried 25 per cent of the total letter mail of the country. The total revenue from letters carried by the tubes was \$135,000,000, and the total cost of service was \$961,955. The cost of the tubes is only three-quarters of 1 per cent of the postage of the total mail carried. Twenty-five to forty per cent of the revenue from the first-class mail in the large cities is from local mail, and the local mail is what the tubes supply facilities to transport that no other facilities can supply.

In 1902 the contracts authorized the cities to spend 4 per cent of the gross revenue for a purpose which could have been accomplished for less than 1 per cent by the use of the tubes. They have kept down to less than 25 per cent of what they were entitled to under the act of Congress.

The Burleson Commission stated that only 20 pounds of mail could be sent through the tubes per minute. A test of the Philadelphia business showed it to be 64 pounds. That is indisputable and has been confirmed by the congressional commission.

Burleson said that where all other kinds of transportation facilities had been greatly improved during the past 15 years, the pneumatic tubes had been at a standstill. What are the facts? Of the 57 miles of tubes now in operation, with the exception of the original 8 miles, they have all been built within that period of 15 years.

It has been a most progressive proposition. If you could see the tubes of to-day as compared with the tubes of 15 years ago, you would readily perceive that it is one of the most actively progressive mechanisms on the face of the earth. The old cradles that were in vogue when we first went into the business have all been scrapped, and we have now the gravity transmitters and the gravity receivers, which the Postmaster General says, and says truly, "he don't know a damn thing about."

The Burleson commissioner reported that letters carried by the tube system cost 11½ cents. The Joint Congressional Commission

proves that even taking the department's own figures, which were far from the actual facts, the cost of transmitting letters by the tube was only 11 mills. The actual facts show that it cost less than one-half a mill per letter.

Mayor Curley, of Boston, on this point truly observed:

Do not destroy all the efficiency we now possess in our post office by substituting motor vehicles for the tubes. It is simply an aid to the congestion of the streets, which is one of the most serious problems with which municipalities have to deal. Of course that is especially true with reference to the streets of Boston, that are very narrow, and every kind of plan has been tried or adopted for the purpose of facilitating the traffic in Boston.

Instead of growing better, traffic conditions continue to grow worse on the streets of the large cities until to-day they are actually proposing that on Fifth Avenue—think of it, our famous old promenade and thoroughfare of the centuries—they are going to make it a one-way street.

When you think—and here I am going outside of the dollars and cents—of the zeal and study and the scientific devotion which has been given to the perfecting of the pneumatic tube and the automatic tunnel service and the underground service generally by such men as Batchiller Stuart, whose authority in this profession is unquestioned, as well as the other scientists interested in it, not alone in this country but on the other side; when you stop and think what has been done, it is pretty hard, as one of them remarked pathetically the other day, to see 27 years of man's best brain work disposed of in such a flippant, absolutely wicked, unwarranted way.

I say use tubes, use trucks, use anything that is necessary to facilitate the delivery of the mail or parcels. If there be any place where the automobile can be used more advantageously, use it, and that would apply particularly in the outskirts of a city. But when you get into the heart of these large cities where the tubes must be used, then use them. If you are going to spend these millions of dollars on tunnels, why begin by telling the men who put their money in originally—I am speaking now in the presence of one who did—that they must lose all they have put in? Why under heaven's canopy make it impossible to ever get capital to go into this underground system of parcel transportation. Who would think of going into it and going through the experience that we have gone through?

I have given 20 of the best years of my life to the development of this system of underground transportation. If it were an economic failure, if it were a mechanical failure, if it was an operating failure, I would simply look upon it as a mistake and swallow my penalty like a man. But where it has been vindicated by every interest that has to do with the transportation of mail, where it has been vindicated by every investigating committee that has taken it up—and I think you will all agree that you have had the best men of the Senate and the House of Representatives that worked on this matter, governed by a supreme sense of what was their duty to the Government—where they have recorded their approval of the system, then to see your machinery and appliances about to be destroyed and thrown on the slag heap by vindictive officials clothed with temporary power, do you wonder that we feel it to be a monstrous proceeding? There is nothing like it—nothing worse—in the wildest turmoils of the war. It is inconceivable, unthinkable, that a civilized government, represented by such men as those on this

committee, should allow such a thing to take place at the behest of a man whose conception of public duty was voiced by the First Assistant Postmaster General when he said during his cross-examination by Senator Bailey, "we do not care who comes"—that is the idea, perhaps not the exact words—"we do not care who comes in here, we do not care what bodies come here, I do not care what the people say, they will have what we think they should have." Who are "we?" Merely one department of the Government, the servants of the people.

**The CHAIRMAN.** Who said that?

**Mr. MILHOLLAND.** Koons, the First Assistant Postmaster General, and I am willing to put his name in the record. That was stated while he was under cross-examination by former Senator Bailey.

**The CHAIRMAN.** I wish you would put that extract from his cross-examination in the record of this hearing?

**Mr. MILHOLLAND.** I will do so.

(From the cross-examination of Mr. Koons by Senator Bailey at the tube hearing before the House Committee on the Post Office and Post Roads, Wednesday, Dec. 13, 1916.)

**Mr. BAILEY.** Yes; I am assuming that everybody connected with the Post Office Department—and nobody more certainly than the committee having charge of post office affairs in the House of Representatives—wants to give the best service for which those who patronize the post offices are willing to pay; and if they are willing to pay a higher price to get a little better service, I assume that you are willing to give it to them.

Now the sum of this whole matter is this: The business men who have had any experience with this tube service all insist that it shall be maintained, and express their willingness to pay for it. Those men, and their similars, in all the communities of this country, are supporting the Post Office Department.

The only part of your business which you transact at a profit is the very part which they insist on having had through this tube service. All the balance of the business is transacted at a loss. Your rural route service, your magazines, your newspapers, and, I think your parcels post. But whether part of it nets you a loss or not, it is certain that all of it taken together is done at a very considerable loss; and the only thing that saves you from a deficit of more than \$200,000,000 a year, or something like that, is this first-class mail matter.

Now, if the men who pay for that are willing to pay for it, anxious to pay for it, and insist on being permitted to pay for it, do you not think, as an officer of the Post Office Department, that they are entitled to the service which they think is so useful to them, and for which they are willing to pay?

**Mr. KOONS.** Granting that that is true, Senator Bailey, on the other hand it was the judgment of the Post Office, and it is the judgment of the men in the Postal Service who are responsible for the administration of that service, and must stand the blame and criticisms for poor service—these men feel that they can give those gentlemen better service than they are now receiving; and even though the present service is given at a less cost, or at the same cost—admitting that for the sake of argument—is it not the duty of the Post Office Department, and do they not owe it to those business men, to give them that service?

**Mr. BAILEY.** No; I think it is the duty of the Post Office Department to give them the service they want, and I respectfully submit to you, as an officer of the Post Office Department, that the people who support the Post Office Department are entitled to the kind of service for which they are willing to pay.

Again, I quote the language of Mr. Morgan:

There is grim humor in the department's appeal to the business men of the country, indicating, as it does, as complete a reversal of position as Mr. Burleson has undergone in clamoring for underground transportation against the trucks and automobiles that heretofore he has been lauding to the skies. Less than two years ago, the country heard with amazement his first assistant, Mr. John C. Koons, on the witness stand telling Senator Bailey that no matter how many business delegations came to Washington, the department would follow its own sweet will in the matter of transportation, and they cared nothing about the overwhelming testimony in favor of the tubes. Well, the Post Office Department had its way and the way has led into the ditch, and

now Mr. Burleson and his "merrie men" are appealing, according to their own confession, to 15,000 business men and organizations throughout the country to tell them how to run the Post Office!

It is perfectly absurd for him to say that the mails are being delivered here, or in any other large city, in a satisfactory manner. The whole system was never in such a bad condition, and I have known the service for 40 years. He himself and all his staff know I state the facts. If the trucks and autos were doing the business all right, would he ask for an underground system which he admits must be extended until the streets are clear of all vehicular mail traffic, precisely as the business men of New York and other cities have contended for the last 4—yea, I might say, 40 years?

Granted that the 8-inch steel carrier, 30 inches long, is larger than anything employed in Europe for telegraph dispatches and special-delivery letters, surely that argument is in its favor. It could not only carry more matter, but it can develop a greater speed than any small tube system in all Europe. It can moreover carry, and carry safely, a large percentage of the parcel post and the smaller packages of the big stores, and best of all, these tubes can carry 6,000,000 letters a day in New York, or 25,000,000 in the six cities where they are installed, which is more than the aeroplanes ever carried during all the months since they started the mail-carrying business.

Yet Mr. Burleson calls this tube system, which is the admiration of the postal business and engineering world, "antiquated," "useless," and deliberately misleads the President until he gets him to veto the Post Office appropriation bill that throws the tubes in the scrap heap—that is, if their owners are fools enough to allow this to be done.

You don't believe, then, that the tube system will be abandoned?

Certainly not. You might as well try to do without the telephone, telegraph, or the fast mail trains. You might as well go back to the ox team or the flint-lock musket as to attempt to carry on the mail business of a great city without a pneumatic-tube system which will always be in demand, no matter what you may do in the way of aeroplane experiments or tunnel construction to do the business in bulk. Why? Because the tubes are instantaneous. I tried them for years. I know all about the service. They can dispatch 1 letter or 500 every 10 seconds or less—something that you can't do with an auto or a wagon and you would hardly think of dispatching a ton trainload in an underground tunnel to deliver a single letter, newspaper, or postal card!

Mr. MILHOLLAND. I appreciate your extreme courtesy, Senators, and I have only a few more words to say on this phase of the subject.

The CHAIRMAN. What is the specific thing you are asking of the committee?

Mr. MILHOLLAND. We are asking that the bill introduced in the House by Congressman Vare, of Philadelphia, be indorsed (H. R. 11634), and we are asking for the concurrent resolution which you have before you, and which reads as follows:

[House concurrent resolution 44, Sixty-sixth Congress, second session.]

*Resolved by the House of Representatives (the Senate concurring),* That the properties and equipment of the pneumatic tube mail service located within the basements and subbasements of post office buildings in the cities of Philadelphia, Pennsylvania; Boston, Massachusetts; New York, New York; Brooklyn, New York; Chicago, Illinois; and Saint Louis, Missouri; be not removed pending further action by Congress, but shall remain without expense to the Government.

This bill was introduced by Congressman Vare at the urgent request of the Chamber of Commerce of Philadelphia and the other business organizations, and provides for the appraisal of the value and the purchase of a portion of the pneumatic mail tube in the city of Philadelphia and other cities where such equipment is located. The bill is very brief, and reads as follows:

[H. R. 11634. Sixty-sixth Congress, second session.]

A BILL Providing for the appraisement of the value, the purchase of, and the operation of the pneumatic mail-tube properties in the city of Philadelphia and other cities where such equipment is now located.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Interstate Commerce Commission shall ascertain, determine, and report to the Postmaster General, from available data and information and such additional investigation as it may deem necessary to make, the actual value

of the pneumatic mail-tube properties in the cities of New York, New York, Brooklyn, New York, Boston, Massachusetts, Philadelphia, Pennsylvania, Chicago, Illinois, and Saint Louis, Missouri, taking into consideration the nature, character, and condition of the franchises, patent licenses, and the titles to the properties in each of the said cities.

The value of the properties so determined in each of the said cities shall be paid to the owners thereof, in proportion the valuation for the system in each city shall bear to the total valuation so fixed, upon the execution and delivery by the owners thereof of good and sufficient titles to said properties, including all equipment necessary for the maintenance and operation of the same. The said Interstate Commerce Commission shall permit hearings both to the Postmaster General and his representatives and the owners of the properties and their representatives as it shall deem proper. The expense of such investigation shall be paid out of any available funds appropriated for the use of the Interstate Commerce Commission. So much as may be necessary for the purchase of said properties as herein directed is hereby appropriated.

Pending the report of the Interstate Commerce Commission, as herein provided, the Postmaster General is authorized and directed to contract for pneumatic mail-tube service in the said cities, approximately to the same extent as was in effect on June 30, 1918, but not to exceed the contract price for such service in effect on said date, the cost thereof to be paid out of any unexpended balance of any appropriation for the Postal Service: *Provided*, That before taking over and operating the pneumatic mail-tube service in any of said cities arrangements shall be made whereby the Post Office Department shall be relieved of the payment of any license or franchise tax: *Provided further*, That the Postmaster General is authorized to enter into contract to comply with proper police regulations for franchise or street rights for pneumatic mail-tube service in such cities.

This is practically the bill of the Joint Congressional Commission simply brought up to date in the light of subsequent developments.

What does it all come back to, Senators? In the light of this report and in the light of these statements and the action of these business organizations, what stands in the way? Why is it that this service has not been restored? It is simply the veto of the President. Those of you who were in Congress at the time will remember that the President, at the urgent solicitation of the Postmaster General, vetoed the Post Office bill after it had passed both Houses of Congress. The Senate vote was unanimous. The vote in the House was very close, but it came up afterwards—a row over the counting of the vote, and then there were, I think, only 17 or 19 opposition votes—after Kitchin and others made their speeches.

The bill was vetoed; the whole Post Office appropriation bill was vetoed in order to strike out this one item. It was something that made even the old parliamentarians look up in astonishment that such a thing could be done. And no wonder.

I call your attention to this phase of it, that we have taken the pains to go through that veto message and there is not a single line in it that can not be traced back to the utterances of the Postmaster General or his associates. In other words, the President has never made any kind of personal investigation by any of his personal commissions that would justify him in saying what he said. There is not a line in it that we have not been able to show has been used as a part of the charges against the tube service that has been refuted, and refuted by the Joint Congressional Commission, by the boards of trade, and by the many other organizations throughout the country, until it became so threadbare that there is not a vestige of it that was new in that veto message.

For that reason I want to submit that analysis which we offer for the first time, an analysis of this veto message to show that there is absolutely nothing in it but what has been disposed of again and again. In other words, there is not a particle of valid opposition that has not been absolutely overthrown by his own admissions.

(The analyses referred to is here printed in full as follows:)

**THAT MAIL TUBE VETO—HOW AN INDISPENSABLE PUBLIC UTILITY IS MADE USELESS WHEN MOST NEEDED FOR MAIL TRANSPORTATION EFFICIENCY—THE PRESIDENT MISLED BY HIS ADVISERS—SIGNED MESSAGE PUT BEFORE HIM, UNAWARE IT WAS IDENTICAL REPETITION OF ALLEGATIONS LONG SINCE REFUTED.**

President Wilson's veto of the Post Office appropriation bill for the fiscal year 1919, for the avowed and sole purpose of preventing the continuance of pneumatic-tube mail service, was an act extraordinary in itself, and astonishing when all the circumstances are considered.

The pneumatic-tube system of forwarding mail had been in operation for 25 years in Philadelphia, 20 years in New York, and lengthy periods in Boston, Chicago, and St. Louis. Until 1916 it had always received the encomiums of the Post Office Department and postal officials and experts. It had been approved by a technical, two departmental, and two joint congressional investigating commissions, the last having reported five to one in favor of it as late as March 1, 1918. When properly used by the postal officials, it carried 25,000,000 letters daily underground, and expedited 5,000,000 daily beyond the speed obtainable by any other means.

Whenever the pneumatic-tube system had been questioned or attacked, those best placed, in the cities where it was installed, to judge of its value, namely, the great business organizations, the press, and the public officials, had rallied to its support, proving its worth and necessity, protesting the idea of its discontinuance and demanding its retention and extension. Congress had acted favorably five times, the last vote in the House being taken on June 27, 1918. The President's veto went in the face of approval almost unprecedented in the history of public utilities.

#### AN IMPARTIAL DECISION DENIED.

The companies operating the pneumatic postal tubes, never having made a fair return on their investment, and feeling that their property rights, depending wholly on the good faith of the Government, which had invited and solicited their investment, were endangered by the enmity of the present Postmaster General, were willing to close the chapter by selling the system to the Government to be operated by the Post Office, on terms included in a Senate amendment to the bill, although these terms seemed to them very inadequate. But though the Senate adopted that provision by a good majority, the House, always subject to the influence of the Postmaster General, who through his thousands of appointees influences political destinies in almost every congressional district, rejected it. The conferees of the two Houses thereupon agreed upon a provision for the continuance of pneumatic-tube service till March 4, 1919, and an investigation of the whole subject by the Interstate Commerce Commission.

The second astonishing feature of the President's action, therefore, was that what he vetoed was nothing which could possibly have injured the public service or the Public Treasury, but merely a proposal that one of the two most eminent judicial bodies in the United States should be called upon to further investigate this system and report upon its utility and the advisability of Government purchase, continued rental, or discontinuance.

#### THE PRESIDENT MISLED.

Most astonishing, however, is the nature of the veto message itself. A comparison of this message with previous documents on the pneumatic-tube question leads to the conclusion that the President's paper did not proceed from his own study of the facts in the case; that the allegations contained in it were put before him by his advisers and the message itself written by his advisers and merely placed before him for his signature; that these allegations were incorrect and false; and that the effect of the whole proceeding was to cause the President of the United States, acting in his official capacity, to cause injury to the public service and the practical confiscation of the value of a public utility under a wide misconception induced in his mind by those who put such misleading information before him.

#### A REVIVAL OF LONG DEAD CHARGES.

An analysis of the President's message has been made, comparing its 19 specific statements with passages in the following documents: The report, dated October 3, 1916, of the departmental committee appointed by the Postmaster General; the annual reports of the Postmaster General for 1916 and 1917; the majority report, dated March 1, 1918, of the joint congressional commission, signed by Senators Bankhead, Hardwick, and Weeks and Representatives Bell and Steenerson; the minority report of the same

commission, signed by Representative Rouse; a letter addressed to the chairman of the Senate Post Office Committee and each member of the Senate by the Postmaster General, dated April 23, 1918; a letter and a statement in reply to the foregoing, addressed to all Members of the Senate by Senators Bankhead, Hardwick, and Weeks on May 2, 1918; a report of a test of pneumatic mail-tube service in Philadelphia made December 27, 1916, by the joint committee of Philadelphia trades bodies; a report dated December 29, 1916, detailing the results of an investigation made by the Merchants' Association of New York; and a letter dated December 29, 1916, to the Hon. Champ Clark by the late Maj. John Purroy Mitchel, then mayor of New York.

In such of these documents as originated with the Post Office Department or with the Hon. A. B. Rouse, passages are cited which are *prima facie* evidence that the statements in the President's veto message were put before him by the Post Office Department and were not the result of his own investigation or knowledge of the subject. The same allegations appear in such documents and the veto message.

The citations from other documents are in the nature of *prima facie* evidence that each of the allegations which the President was thus induced to issue over his signature had been completely and in some cases repeatedly refuted in an authoritative way before they were embodied in his message.

From the aforementioned analysis, there are here presented a few of the 19 citations, displaying the parallels between the President's message and previous documents, and the proofs that the allegations which the President was induced to repeat had been completely refuted before he was misled into indorsing them.

**TUBES EXPEDITED, DID NOT DELAY MAIL.**

From Postmaster General's report, 1917: "Great quantities of important letters of the financial and commercial districts are delayed through their (the tubes') use.

"It is necessary frequently to divert mail from the pneumatic tubes to auto trucks because of the suspension of the tube service due to breakage or blockades in the tube lines."

From House minority report, joint committee, 1918: "The facts before the commission show conclusively that millions of letters are delayed annually because of congestion, breakdown, and stoppages in the tubes. \* \* \* Still more aggravating delays occur to the mails through breakdowns and stoppages in the tube lines. Millions of letters are delayed annually from these causes."

From the Postmaster General's letter to the Senate, April 23, 1918: "The tubes \* \* \* delay millions of letters annually.

"Because of their unreliability, due to breakdowns and stoppages, the tubes cease operation for hours and even days at a time, and it is often necessary to dig up the streets to obtain the mail clogged in the tubes. When this occurs it is necessary to immediately substitute vehicle service, which results in confusion of schedules, thereby disorganizing the transportation and delivery service and causing delay to large quantities of letter mail."

From President's veto message, June 29, 1918: "Furthermore, experience has demonstrated that the tubes are unreliable, the cause of breakdowns and stoppages. During such breakdowns they cease operation for hours, and even for days together, and it is often necessary to dig up the streets to obtain the mail clogged in the tubes. When these breakdowns occur, it is necessary immediately to substitute vehicular service, which results in a confusion of schedules and disorganization of the transportation and delivery service and delay in the forwarding of large quantities of letters."

From majority report joint commission 1918: "Reports of interruptions in tube service in most instances are traceable to carelessness of employees, or to interference with lines from outside causes.

"They (Chicago Tube Co.) assert the operating record of the Chicago system was 99.83 per cent in 1915, 99.89 in 1916 and 99.85 per cent in 1917."

From engineers' report: "After the recent storm in New York, December 17, 1917, motor-vehicle service was completely demoralized for several days \* \* \* and without pneumatic tubes vast quantities of first-class mail would have been seriously delayed."

"Delays to mails at certain points in New York reported by the Post Office Department as due to tube inadequacy are due primarily to conditions under which the tubes are used.

"Motor vehicles in common with any form of surface transportation are unquestionably subject to delays from unusual traffic and weather conditions from which the pneumatic tubes are free.

"A study of comparative figures indicates that on the whole the tubes delay less mail from accidental causes than do the automobiles."

From three Senators' reply to Postmaster General May 2, 1918: "The statement that the tubes delay millions of letters annually is at total variance with the fact. The post office records themselves show that the tubes permit three to five million letters of the 24,000,000 letters which they carry, to make connections every day which otherwise would be missed \* \* \*. If mail is delayed, the fault is in the way in which the post office utilizes the tube service and not in the tubes themselves."

"\* \* \* The operating records of the pneumatic tube companies show that their service is as near perfect as any mechanical service possibly could be."

#### THE FABLE OF DAMAGE TO THE MAIIS.

From departmental report 1916: "The use of pneumatic tubes has resulted in complaints of delay and damage to mail because of failure to keep the containers in a cleanly condition. The letters are not only frequently smeared with oil and grease, but in many instances damaged by the closing of the container. Occasionally, a container comes open while in transit, thereby causing the mail to fall into the tubes. In many instances this causes not only delay but serious damage to important letters and results in many complaints to the department."

From Rouse minority report, joint commission, 1918: "Many thousands of letters are destroyed, mutilated, or soiled annually through the use of pneumatic tubes. The Post Office Department submitted to the commission thousands of envelopes as mute evidence of this fact. The extent of the mutilation and damage to letters by tubes is appalling. When transmitting mail by this means containers frequently come open and allow the mail to fall into the tubes. This causes destruction and damage to the mail either by the container following or the grease and moisture which may have accumulated in the lines."

From Postmaster General's letter to Senators, April 23, 1918: "Because of defects, carelessness on the part of operators, and accidents the tubes soil or damage thousands of letters each year and in many instances entirely destroy others, thus resulting in many complaints and great inconvenience and loss to the public."

From President's veto message, June 29, 1918: "Because of defects in the tubes, carelessness on the part of operators and accidents of various sorts the tubes soil or damage many thousand letters and in some instances destroy them."

From majority report, joint commission, 1918 (from testimony of George H. Follmer, assistant superintendent of mails of New York Post office for 30 years): "No system of handling mail has as yet been devised which eliminates entirely damage to mail matter. There is a greater liability of damage to mails when forwarded by automobiles than when transported by tube. Many complaints result from a loss of articles which could not be delivered because the wrappers became detached by the friction to which the mails are subjected when sent in wagons. If the letter mails were sent by wagon instead of tube, the frequent handling of the additional bags at each station enroute would aggravate this condition and undoubtedly result in the receipt of an increased number of complaints."

In summary of conclusions of engineers: "Damage to mail in tubes—Total amount of mail so damaged very little."

From three Senators' reply to Postmaster General, May 2, 1918 (quoting engineers): "The operating records of the pneumatic tube companies show that their service is as near perfect as any mechanical service possibly could be."

"An occasional letter may become soiled by accidental dropping upon the floor which is more or less greasy about the tube terminals. In rare instances tube containers are improperly closed through carelessness of an operator and many open in the tubes in transit. \* \* \* The total amount of mail so damaged is, however, very little."

#### TUBES GAVE REAL MEANING TO SPECIAL DELIVERY.

From departmental report, 1916: "Inability of tubes to carry many special delivery parcels" (in list of tube disadvantages).

From President's veto message, June 29, 1918: "Some of the principal objections to the tubes are \* \* \* their unsuitability to carry many special-delivery parcels." \* \* \*

From majority report congressional commission, 1918: "The commission does not consider the argument made against the tube service—its inability to carry special-delivery parcels—is well taken. It was never intended that tubes should be used for the transportation of other than first-class mail."

(The objection that the tubes are "unsuitable to carry many special-delivery parcels" refers to the considerable number of parcels much larger than letter size which are sent by special delivery. The following quotations show that even a very considerable number of these are forwarded by tube, while all special letter mail was sent by tubes.)

From testimony of George H. Follmer (assistant superintendent of mails, New York post office for 30 years): "The tubes carry practically all first and second class special-delivery mail."

From engineers' report: "Special delivery letters gain most benefit from tube service because it is desired to forward them at once to their destination without waiting for the routine that is necessary with ordinary letters. The pneumatic tubes are instantly available for this service while special motor vehicles could not economically be provided."

"As a specific example, a special delivery letter mailed at Station J on One hundred and twenty-fifth Street in New York for delivery from the Wall Street station should be cancelled immediately and sent forward in a container to the Wall Street station by the shortest tube route in a practically uninterrupted journey. Arriving there it is delivered without delay by a special messenger. Without tubes this letter would have to await the regular departure of the automobile from Station J. It would then travel to the Pennsylvania Terminal Station which is the junction point of automobile routes. Here it would be taken out of the pouch and re-sorted, as probably no pouch would be made up for direct forwarding from Station J to Wall Street. It would then wait for the next regular automobile for the general post office where it would be again transferred, this time to an automobile for Wall Street, from which station it would be sent out by special messenger as in the other case. The tube trip closely approximates an uninterrupted journey, but the automobile trip is interrupted by three delays waiting for connections, as well as being slower while in transit."

#### A TRIFLING ALLEGATION.

From departmental report, 1916: "The necessary relaying of containers at way stations involves loss of time and requires that all intermediate stations be kept open, with attendants on duty."

From President's veto message, June 29, 1918: "Some of the principal objections to the tubes \* \* \* are \* \* \* the necessary relaying of containers at way stations involving a loss of time and requiring that all intermediate stations be kept open with attendants on duty." \* \* \*

From majority report, congressional commission, 1918 (from testimony of Geo. H. Follmer, referred to above): "The time required for relaying containers at way stations is infinitesimal, only a few seconds being taken for that purpose. All intermediate stations are open during the entire 24 hours of the day for regular post office business. During the hours that the tubes are in operation, mails are constantly received from the public or brought in by letter carriers from the street letter boxes or are received from trains, and as fast as these mails are sorted by the clerks they are dispatched for train connections or delivery; consequently the tube service is in constant use at these points and attendants are kept on duty for this work, as well as for relaying the carriers from other stations \* \* \*. Without the tubes there would be congestion, delayed mail, and more clerks would be required."

"Tube lines connect only with the most important stations. In such stations where postal clerks are required to be constantly employed it is unlikely that any intermediate station would be of less importance as not to require it to be kept open also. If tubes serve a valuable purpose, they should not be condemned merely because an employee must be on duty to operate them."

#### A FAULT OF THE DEPARTMENT.

From departmental report, 1916: "The inability to dispatch mail to intermediate stations during continuous transmission between any two points." (In list of tube disadvantages.)

From Rouse minority report congressional commission, 1918: "If the tubes between two points are being used to their capacity, then mail can not be dispatched from intermediate stations."

From President's veto message, June 29, 1918: "Some of the principal objections to the tubes \* \* \* are \* \* \* their inability to dispatch mail to intermediate stations during continuous transmission between any two points." \* \* \*

From majority report joint commission, 1918: "The mechanical construction of the tubes does not admit continuous transmission between any two points when the same lines are being used for dispatch from other or intermediate points. This, however, is a matter of practical operation and adjustment dependent upon local conditions, regarding which there should be no trouble. (Commenting on this feature of tube inadequacy, Stone & Webster say: 'Some of these reported cases are hard to explain, as, for example, a time of 33 minutes from Madison Square to Grand Central, which is

the very next station, requiring no intermediate handling and with a scheduled time of four minutes and no reported interruption to service. \* \* \* We believe that methods could be devised so that final classes and other important dispatches could be identified and not delayed for less important mail."

#### THE REVERSE IS TRUE.

From departmental report, 1916: "Inability to dispatch mail to the point where it is received by or taken from the railroad companies without additional handling." (From list of tube disadvantages.)

From President's veto message, June 29, 1918: "Some of the principal objections to the tubes \* \* \* are \* \* \* their unsuitability to the dispatch of mail to the point where it is received by or taken from the railroad companies without additional handling." \* \* \*

From majority report joint commission, 1918: "Mr. Follmer, already referred to, remarked with reference to the necessity for rehandling: 'No extra handling is required for mail which is dispatched by tube to the point where it is delivered to the railroad. Bundles of letters so forwarded are packed into the tube containers at the point where they are made up and when received at the post offices near the railroad terminals are dumped out of the containers and placed in pouches. The pouches are then delivered to the railroad. If these mails were sent by automobiles instead of tubes the bundles would have to be thrown into pouches at the point where they are made up, the pouches would have to be locked, checked off on the dispatchers' bill, and then loaded into wagons. Upon arrival at the railroad station they would have to be unloaded, checked again, and then delivered to the railroad, so that the operations are actually fewer when the mails are sent by tube. Mails received from trains are handled in the reverse manner.'"

#### AS NEAR PERFECT AS POSSIBLE.

From departmental report 1916: "Inability to prevent dampness and oil in the tubes at certain times, resulting in damage to the mails." (In list of tube disadvantages.)

From Rouse minority report, congressional commission, 1918: "Grease and moisture also frequently enters containers and greatly soil the mails."

From President's veto message, June 29, 1918: "Some of the principal objections to the tubes \* \* \* are \* \* \* the impossibility of preventing dampness and oil in the tube at certain times, which results in damage to the mail."

From majority report, joint commission, 1918 (from testimony of George H. Follmer, referred to above): "Damage to mail in tubes is infinitesimal. \* \* \* Damage to the tube mail from dampness and oil is no greater than that which happens to other mails from exposure to the elements."

From engineers' report: "In our observations we found no cases where mail was damaged or soiled by failure to keep the containers clean. Although we observed many lines where there was much moisture in the tubes during the humid days of summer, the containers were always in a satisfactory condition."

"The operating records for the tube companies show that their service is as near perfect as any mechanical service possibly could be."

The annals of our Government show no parallel to the history of the pneumatic mail tubes, a great public utility demanded by six cities, approved by five investigating commissions and five Congresses, and yet destroyed by the President of the United States acting upon misinformation and allegations long since discredited by investigation and authoritative opinion.

Thus the bill was vetoed. The veto bore the signature of Woodrow Wilson, but the subject matter was supplied entirely by the Post Office Department, which has been so deadly hostile to the tubes. There is no need to go into this hostility at this time, because there not a single one of the 19 statements contained in the veto but that had already been refuted until threadbare when they appeared originally in the various communications of Postmaster General Burson.

But, Mr. Chairman, we do not rest our case solely upon the action of Congress or the various commissions that have passed upon the question, conclusive though their findings be. We go back furthe

than this, beyond all the commissions and beyond all the congressional action, beyond all that has been said for and against the tubes by the Post Office Department, and, as you know, until the advent of Mr. Burleson, the Post Office was uniformly and emphatically for the tubes since their inauguration 25 years ago by that merchant prince, John Wanamaker, of Philadelphia, while Postmaster under President Harrison. Extensions were asked for by every administration, the last one in Philadelphia being built in 1910, and the most important connection, as it saved all southern and western mail from having to be taken to the central post office and redispached to Broad Street Station. The test of a public utility, after all, is the service it renders and how it is looked upon by those who use it every day. That is what gives a railroad, steamship, or trolley service its standing—what do the patrons think of it? Judged by that universal standard the pneumatic mail tube has been one of the most marvelous successes among modern inventions. It has had the support of the public, the press, the actual users of it to a degree certainly unsurpassed by any modern utility in the progress of human affairs.

But strong as was the expression of tube appreciation in Philadelphia it was not one whit stronger in its way than that which surged up from the metropolis of the country. The Republicans of Philadelphia were no more vehement in their denunciation of the department's depriving them of their tubes and in demanding that they be restored than the Democrats of New York, including the Democratic board of aldermen of that city, the present mayor, and his predecessors, regardless of politics, for more than 20 years; the Republican legislature at Albany by unanimous, nonpartisan vote, and the present governor of that State, whose letter to ex-Postmaster Morgan, with the resolutions adopted by the various municipal governments, we ask to be made part of the record.

But, Mr. Chairman, strong as is the case outlined it is made even stronger by the Post Office Department itself that has left the opposition to the tubes without a shadow of foundation upon which to rest.

Why were the tubes thrown out? Because it was claimed there were many reasons, some of which it would be very embarrassing to go into, but the chief argument was the cry that surface transportation, and here we quote the department's own words in a letter to the Senate, "surface transportation has so greatly improved both as to speed and frequency that the tubes were of no value," by automobiles was the solution of the question. Well, that means has been tried—tried in all the big cities, and what is the result? A bill is before you to-day asking \$2,000,000 to begin the construction of an underground system of parcel and mail subways that must sooner or later extend all over New York. The very men who were crying that the automobile would do away with the tubes are now pleading with you for an appropriation to build a tunnel, admitting that surface transportation is rapidly becoming a practical impossibility in the thoroughfares of the great cities. Was there ever a more complete demonstration of departmental folly?

But even this does not exhaust the folly of the Post Office Department for while asking for money to build new underground mail facilities it is considering bids for the wanton destruction of millions of

dollars worth of the only underground mail facility in the country, that have performed service to the entire satisfaction of everybody concerned for more than 20 years except Mr. Burleson.

How shocking to common sense is this recital? The aeroplanes are introduced to expedite first-class mail between cities at a greater cost than train transportation and certainly they can not take care of all first-class mail. Nevertheless, the policy of advancing first-class mail is encouraged between cities but discouraged when applied to local deliveries. This I do not understand. For no one can question that an underground system with a continuous flow of mail carriers can expedite letters even if it can not take care of any but first-class mail which is all it was built to take care of.

The Post Office claims that tubes are expensive. Well, what about aeroplanes? So is the telephone expensive. (You can send a letter for 2 cents and your telephone message costs you 5.) All the same, you use the telephone in preference to a letter very often because speed is the requisite. And, as it were, you "hang the extra expense." It is in the line of intelligent progress to demand efficiency. Not that the motor trucks are useless. On the contrary, as the engineers, Stone and Webster, have stated, tubes and automobiles give a better service than either tubes alone or automobiles alone.

There are two fundamental principles in this tube discussion:

- (1) Is it important to expedite first-class mail?
- (2) Is the principle of underground transportation sound?

The Post Office, in its plea for aeroplanes advances many arguments which it used against the tubes. For instance, it contends that the tubes only transport 5 per cent of the entire volume of mail handled from the stations. And then Mr. Praeger, in his report before the Committee on Post Offices and Post Roads (see p. 159 from hearings) says, "It is proposed to divert 5 per cent of the 'working mail' from trains to aeroplanes," evidently considering that the expediting of this amount justified the expenditure of something over \$3,000,000 per year. Just here the department would argue that the tubes do not expedite the mails. At the very lowest estimate, the Post Office admits that they advance over 2,000,000 letters a day when the tubes are not used at anything like their maximum capacity which is 200,000 letters per hour for each line of tubes.

Mr. Praeger says in this same hearing that the object of the department is to develop the aeroplane service "to that point when corporations will come in and run the lines, then we will make contracts with them as we do with power boats or steamboat lines."

If aero corporations are to be subject to the injustice which one can not help feeling is unjudicial and the result of prejudice with which the tube companies have been confronted during this administration, I should not think they would feel very encouraged to "come in." Remember, it is not a case of Congress disapproving of tubes or of the public being dissatisfied for the last word from Congress on the subject was when they voted that the question of the purchase of the tubes should be submitted to the Interstate Commerce Commission and it was only the President's veto that brought about this policy of total repudiation of the tubes.

It is pertinent to say in passing that the boat service with which the Post Office Department makes contracts, the last bids for such service show an increase of almost 100 per cent in the demands of

these boat companies, which is an interesting commentary to show that even the Post Office Department is not exempt from the high cost of living.

As to our second point, is the principle of underground transportation sound?

Recently the agitation for underground tunnels has been renewed. This again shows the Post Office Department anxious to improve its system. Mr. Koons states that the dense traffic between Grand Central and Pennsylvania Stations make motor trucks impracticable. In passing I remark that the contention of the tube companies for years has been that underground transportation is necessary and for mail it is inevitable. Traffic congestion is increasing in all the great cities. Mr. Koons admits it to-day between these two special points. He will see the same emergency arising between other locations in the very near future. At present he only asks for tunnels in this specific locality, which he admits will take probably two years to build. The traffic difficulties of other cities or other districts of New York he ignores. The tube companies, the great business houses, the general public, and press ask, Is it sense to tear up and destroy this well-nigh perfect machinery built especially for underground mail transportation when no other plans are being made to adequately take their place and when labor conditions are so unsettled that contractors are hard put to it to live up to their contracts? Is this the time to wantonly destroy millions of dollars worth of machinery with a record of over 25 years of public service and public satisfaction?

It has been investigated by numerous commissions and has always been unqualifiedly indorsed by former Postmasters General and by the public that is benefited by it. If the department intends to inaugurate a general system of underground traffic tunnels, it is to be congratulated. It is a fine progressive step and as inevitable as the subway, but even then they can not do without tubes. The large carriers or electric trains which will be used will quite naturally be more expensive to operate than the present 8-inch tube. Therefore, it goes without saying that always it will have its especial function for certain quantities of first-class mail, including special-delivery letters, etc.

My formula is:

Motor trucks plus tubes equal Good service.  
Electric cars plus tubes equal Better service.

We ask the committee that they insist that the properties of these companies remain intact until such a time as Congress shall decide on their future. They are of no possible inconvenience to the post office, as the machinery is mostly underground in a part otherwise unused, and it is only just that they should not be wantonly destroyed until the final word of Congress has been said.

Because of present economic conditions, it would be impossible to replace these plants in anything like a short period of time or at their former cost and it seems unthinkable that Congress will not insist upon their resumption, considering traffic conditions and the irresistible and universal tendency toward underground transportation for both people and traffic.

Even supposing the argument of the department that motor trucks were as efficient as tubes running under the ground at 30

miles an hour, conditions are changing so rapidly that it is not a case of even moderately good motor-truck service for the congestion in the great cities is such that sometimes progress is impossible. Soon the department will be driven to any and every underground facility available and until they have increased their facilities, it surely is unthinkable that they will destroy what they already have in the form of 60 miles of pneumatic tubes in the five great cities.

The CHAIRMAN. Has there been any appraisal ever made of this property?

Mr. MILHOLLAND. Yes; by different engineering firms. It has been appraised by the American Appraisal Co., of Milwaukee, by the American Audit Co., by Stone & Webster, and by the Government expert, Mr. Alfred Brooks Frye.

Senator HENDERSON. When was the last one made?

Mr. MILHOLLAND. By Stone & Webster, under the direction of the joint congressional commission.

Senator HENDERSON. That is what I thought. Then what is the necessity for having another appraisement of the value made under the bill introduced by Mr. Vare?

Mr. MILHOLLAND. That was a decision that was in line with the action in taking up the work where the commission left off. The commission reported to the Senate and House in favor of going to the Interstate Commerce Commission and having a final appraisal made by that governmental body. The idea was simply following out that original suggestion of the joint commission to which I have referred. They wanted an appraisal by a neutral body. The Interstate Commerce Commission is the natural place to go rather than to the Supreme Court. The companies are willing to go before any body of competent jurisdiction that will give a fair appraisal. The Interstate Commerce Commission is usually looked upon as that sort of a body. In our communications to the commission we expressed a perfect willingness to go before any public-service corporation of any of the States that was recognized as up to date and understanding about the facilities of this character and their value.

Senator HENDERSON. Did I understand you to answer a question asked by the chairman that you are requesting the passage of both of these measures, the bill and the concurrent resolution?

Mr. MILHOLLAND. Yes; because we want to get that protection.

Senator HENDERSON. One was to hold the property in status quo?

Mr. MILHOLLAND. Yes; we do not want millions of dollars' worth of property destroyed and thrown out in the street.

Senator HENDERSON. To what extent has any of this property been removed?

Mr. MILHOLLAND. I will speak only with reference to ours in Philadelphia. All of this property in Philadelphia, and I think in other cities, that has interfered with the operation of the mail service outside of the tubes was removed voluntarily. We attended to the removal of that ourselves without orders or requests.

Senator HENDERSON. Let us get this in order. When the Congress passed the bill to purchase the pneumatic-tube systems, had any of this property been removed or destroyed?

Mr. MILHOLLAND. Oh, no; it was in full operation.

Senator HENDERSON. To what extent, if any, has this system been removed from any of the cities that are referred to in the bill?

**Mr. MILHOLLAND.** It has been removed from the different stations. For instance, speaking only of Philadelphia now, they have taken away from Philadelphia, as the superintendent will tell you, everything that was interfering in any way; the floor transmitters and the floor receivers and everything that was interfering with the handling of the mail in the old-fashioned way, the old, antiquated way of 25 years ago.

**Senator HENDERSON.** In what way did that interfere with the handling of mail by the old method?

**Mr. MILHOLLAND.** Because they no longer put the mail into the tubes or received it on the floor underground. It goes out in carts and wagons.

**Senator HENDERSON.** In other words, some of it had to be removed in the basement to give more room there for the old method of handling mail?

**Mr. MILHOLLAND.** Yes; it was more from the floor than from the basement. The incumbrances that they claimed were in the way were our transmitters and our receivers. They thought those were in the way of their moving about the floor to do the business in the old way, handling the mail in the old way on the main floor. With reference to the condition in the basement, that cry is perfectly ridiculous, because we have dug nearly all the space we occupy down in the bowels of the earth ourselves when we put in our heavy machinery below. All these transmitters and receivers were on the main floor, but the great driving machinery, the compressors and the electrical machinery necessary to drive the system throughout, is away downstairs and could not possibly interfere with anybody.

I would like to have Mr. Ball, our superintendent, make a brief statement about that.

**Mr. BALL.** We moved everything off of the floor that was in the way of their work and put it down in the basement. They first said they would not let us do it. The last time they gave us notice to get the stuff out and would not let us put anything in the basement, so we had to put it in storage at several stations; but everything is moved off the floor that could in any way interfere with the work of the post office. I told First Assistant Postmaster General Koons that even if we got out they would not utilize that space for any of their apparatus, because they are not fit for anything but that machinery. The Post Office Department has none of their clerks' washrooms or anything like that down the cellar. They are all upstairs. If they were to put us out altogether, they could not use that space for any of their apparatus at all. I do not know why they do not allow us to put our machinery down with our compressors so they could get it back any time, so that if they ever need it we would have it there to put back. It is now scattered all around the city.

**Senator HENDERSON.** To what city do you refer?

**Mr. BALL.** Philadelphia. I was superintendent for the last 13 years when they ran there.

**Mr. MILHOLLAND.** Just before closing I should like to call your attention to a point I tried to emphasize at the beginning, that this matter of the tube has been absolutely free from any such thing as partisan bias. I ask to have inserted in the record the resolutions passed by the city of Philadelphia common council, and I ask if

upon reading you do not find them paralleled by the action taken by the board of aldermen of New York City. There has not been a single tinge of partisanship in the support of this measure from beginning to end. The freedom from that has been very impressive. We have had the support of the Democratic government of New York City from the beginning. We have had the support of the government over there whether the mayor was Republican, Democratic, or Independent. We have had splendid resolutions within the last year from the New York Democratic government. It was paralleled by the New York Republican county organization, and it was, furthermore, elevated to a plane still higher when the New York Legislature, by unanimous vote, asked Congress to bring back this system.

The CHAIRMAN. Are you going to show by any witness here to-day a comparison between the operation of the mail service under the tube system and subsequently by trucks?

Mr. MILHOLLAND. I think it will be brought out by Mr. Emerson, of the Boston company. That will be shown, just after Mr. Emerson closes, by these Philadelphia representatives. They will only take two or three minutes. We will not waste any time.

Senator PHIPPS. Mr. Chairman, before Mr. Milholland takes his seat I should like to ask a question or two.

The CHAIRMAN. Certainly, Senator.

Senator PHIPPS. Mr. Milholland, do I correctly understand that in all cases where the pneumatic-tube system was instituted the plants were put in by independent companies, not by the Government itself, and that the Government was paying an annual rental for the use of the different installations, and that in a certain year, I believe it was 1918, the Post Office Department decided it would make no further contracts with any of the pneumatic-tube service companies. Is that correct?

Mr. MILHOLLAND. Yes, sir. It is all private property.

Senator PHIPPS. It was private property in Government buildings, for instance, the post-office terminals and railway terminals, and that which was above the floor level or that in any way might interfere with the free use of the room or certain allotted space for the mail service the companies have removed, so that it would not interfere with the general operation of the Post Office Department's business?

Mr. MILHOLLAND. That is correct.

Senator PHIPPS. The demand is now made that the other parts of the installation, which in no manner interferes with the movement of mail, we will say, shall be ripped up and taken out. Is that the present attitude of the Post Office Department?

Mr. MILHOLLAND. That is exactly the case. Bids are now under consideration in Philadelphia for that purpose, and I assume the same to be true in other cities. Contractors are coming now to look at the plant in considering the proposition of bidding on a contract to tear them out.

Mr. BALL. I was in the post office there the other day and saw them cutting down a partition to see what stuff was in behind it.

Senator HENDERSON. At whose request were the contractors going there for that purpose?

Mr. BALL. I presume at the request of the postmaster at Philadelphia.

Mr. MILHOLLAND. And he is working under the direction of the Postmaster General, of course.

The CHAIRMAN. Mr. Milholland, there is some dispute between you and the department as to whether this material in any way interferes with the operations of the Post Office Department in the room which it claims it requires?

Mr. MILHOLLAND. Yes; there has been. They have taken the position that they want the room, they want the space. We have tried to point out to them the absolute unfairness of the request, especially when it is not needed. They have not in one instance that I can recall demonstrated that there was any necessity for room after we had voluntarily accomplished the removal of those portions of the apparatus which we have already removed.

The CHAIRMAN. I think you will recall that the last time we had a hearing on this matter, at the last session, the representatives of the department testified they were renting space outside because of the fact that part of the room or space of the Post Office Department was occupied by the tubes.

Mr. MILHOLLAND. I believe that contention was set forth. It is in line with various other contentions of the kind that had been made before, but we have yet to find a single instance where it has been shown that it has interfered in any way with the operation of the Postal Service. I challenge a single demonstration to that effect anywhere.

To touch upon one further point—

Senator PHIPPS. I desire to get a little further information, but if you want to amplify your answer you may proceed.

Mr. MILHOLLAND. No, Senator Phipps.

Senator PHIPPS. Was there a difference of opinion or dispute between the Post Office Department officials and the pneumatic service companies as to the compensation which should be paid for the service?

Mr. MILHOLLAND. Yes.

Senator PHIPPS. Was that the rock on which you split at the time the Post Office Department decided to present a recommendation against the continuance of the tube service?

Mr. MILHOLLAND. The question of compensation was one of the factors of the dispute, but it was not by any means the sole factor, because we could point to the fact that the question of compensation, namely, \$17,000 a mile per double line of tubes, was arranged for by a governmental commission years ago. It was not settled by anybody in our companies, but was settled by a governmental commission after a very exhaustive examination of the matter.

We also showed, I think very conclusively, from the accountants that there was no great profit in the business as it stands at the present time. It is now less than ever. We have never made anything like an adequate return on our capital from the very beginning.

I wish to get this firmly in your minds, and before we close I want to have Mr. Harrop, the original secretary of the original company in this country, the first company in the world, to give you a few paragraphs from his early experience.

Senator PHIPPS. You have answered my question, but there is one other point with reference to which I wish to be enlightened. The

bill introduced January 10, I believe, provided for the purchase by the Government after an appraisal value. Of course there is no moral obligation resting on the Government to acquire this property, as I understand it, the installations having been put in at the sole risk of the owners of the pneumatic-tube service and based on a year-to-year contract which might or might not be made with the Post Office Department. If there is anything in the way of moral obligation even—of course I assume that you do not mean to contend that there is any legal obligation—but if there are good grounds for a claim that the Government should take over this property, even if it is not to use it, I think the committee would like to know what they are?

Mr. MILHOLLAND. Mr. Chairman, we have never for one moment abandoned the idea that there was something more than a technical legal obligation on the part of the Government. There is something far more than that. We must remember that this service was initiated by the Government; this system was initiated by the United States Post Office Department. It was the United States Post Office Department that took up this whole idea and appealed to the inventive genius of the world to devise a system whereby the mail could be carried, and if you will look through the earlier records you will find the proposition had its origin entirely with the Government and not with private enterprise. That was the beginning.

Now, what happened? When the companies came in they were subjected to the most rigorous course before they were given a contract. The Transit Co. of Philadelphia gave the service for a year to try it out, without a penny of compensation, and then they continued it for four years for a nominal consideration, \$3,400. They were put through the most exacting course, and the understanding was this: If they did that successfully, they would have something to look forward to in a permanent way.

Now, I want to go farther than that; there was an implied obligation for constant renewal. All this work that has been done has been done in the last dozen years, the greater part of it. The last work that was done in Philadelphia was done in 1911. There has been work done in New York at a still later date, but the idea has been this was an established institution, and the enactment of Congress confirms that, namely, that this was a settled policy of the Government, to be continued year after year, and they feel just as the Pennsylvania Railroad does now, that it has not even a contract to carry the mail. They relied upon the necessities of the situation and the good faith of the Government.

Now, we show 99 per cent efficiency. There is not a man that can come forth and say we have fallen down; not a single disinterested tribunal has anything but praise, and to wantonly destroy this property—it is a terrible thing.

But I go even farther. When we were building the last lines over in Philadelphia, a representative, an accredited representative of the Post Office Department, came over to Philadelphia and we went to the different banking institutions and told them this was a settled policy of the Government and it was a good proposition, it was good, safe investment.

We do not rest upon a vague, ethical sense of right and wrong; we rest upon this fact: That if a man or company makes a contract and serves the United States Government and serves it satisfactorily and

gives them efficient service—it is a terrible wicked monstrous thing then to wantonly go out and destroy the property. It seems to me that it shocks a civilized man; it would shock a savage, too, that anyone should be subjected to such a thing, and we are to hear these other gentlemen as well as we who have come over here to plead for the saving of a property that was built up at an expense of millions of dollars, and built up in the belief that the Government would not repudiate a contract that had been entered into in good faith, something that has never been done in such a way as this since the Republic began. When we think of it, this proposition was never beaten in the Senate; it was never beaten in the House. It was the Executive that stepped in, and in a very unfortunate way, at a time when everybody was excited over the war and could think of nothing else.

Senator HENDERSON. As a matter of fact, did not the joint commission find that this pneumatic tube service was put in at the suggestion of Postmaster General Wanamaker in 1893?

Mr. MILHOLLAND. Yes, sir; and recommended by every Postmaster General from his time down, Democrat or Republican, until the present Postmaster General.

Senator HENDERSON. And only one year it was not in operation, and that was due to the fact that Congress failed to make an appropriation?

Mr. MILHOLLAND. Congress failed to make an appropriation. That is the situation. I do not wish to dwell on it now, but it is sufficient to refer to it, to say that when the investigation discloses the reasons why that was done it will also show that the tube service went back by unanimous vote of the House and Senate and became part of the integral machinery of the Post Office Department, and so remained until Mr. Burleson tore it out. There was not a dissenting vote; all criticisms were absolutely wiped out when that commission of 1900 finished its work. It was one of the strongest commissions ever appointed; there were 32 members, and with them were the most expert men connected with the Post Office Department, and they were absolutely unanimous in their conclusions that this was an indispensable system.

Senator HENDERSON. And as the result of their work at that time, it was only a few years, in 1906, that a 10-year contract was entered into for the service?

Mr. MILHOLLAND. Yes, because nobody would put in any money on a four-year contract. Here is another thing, Senators; these companies have never attempted to unload their stock; we do not propose anything of the kind. We are perfectly willing, if you will give us an amortized contract, and make a guaranty, the way you are doing with the railroads to-day, that will guarantee us a safe return on the capital invested, we are perfectly willing to go on and serve the Government in that way. We do not want to "unload" something, but we do want our property protected. There are 4,000 stockholders all over the country; they have put their money into this, \$100, \$500, \$1,000, \$10,000; it is a very serious thing. As the representative here stated, a most disastrous condition.

Now, Mr. Chairman, let me emphasize that point; the companies have never come here to try to unload; they stand ready to renew their contracts, if you will give them an amortized contract, a sci-

tific contract, such as any company so situated should have. We stand ready to go on with our service, without the slightest hesitation.

Here are actual photographs of the machinery that you will find in Philadelphia.

The CHAIRMAN. Is your system capable of extension?

Mr. MILHOLLAND. Unlimited. The reason, as Mr. Emerson may point out, the 8-inch tube was adopted was because the conclusion was arrived at that it was the best size for the handling of the first-class mail. That was the problem—the first-class mail. We never proposed to carry parcel post packages through 10-inch tubes; we recognized the limitations, and the limitations were recognized by the commission, not only here, but abroad.

The CHAIRMAN. Well, do you recognize now the fact that the tubes ought to be larger under existing present-day work?

Mr. MILHOLLAND. The 8-inch tube, I believe, to be fairly standardized. I do not believe you will ever adopt another size tube to fit the first class mail the way the 8-inch tube does. I believe the conclusions of the scientific experts of the Government will remain, and I do say, when you get to the next step in the larger tubes, in my judgment, you have got to go up along to the tunnel standards. You must have a tunnel to carry your bulkage stuff when you go beyond the 8-inch tube. There is room for the intermediate tubes, for the 2-foot and 3-foot, and so on, but sooner or later you have got to have tunnels in certain sections.

The CHAIRMAN. Well, now, if the Government were starting out de novo, if there were no tubes in existence, but the Government had to try to establish a tube service, would anybody think of installing an 8-inch tube?

Mr. MILHOLLAND. I do not think there would be any hesitation at all. I think if you were going to start out anew, you would not would not think of going along without an 8-inch service. Over in London, where they are putting in tunnels, there is room and space left in one demonstration plant to put in an 8-inch tube in the roof of the tunnel, as you will see in the moving pictures downstairs. I do not see how you would possibly, Mr. Chairman, or any practical man, come to any other conclusion than that there are any systems of tunnels that will come along that will do away with the 8-inch tube. That is standardized. That will be shown a little more in detail later, but it is absolutely a fixture. You must have it, and all of this idea of doing away with it is unwarranted by the facts.

Mr. EMERSON. I think, Mr. Chairman, if there is any question at all on the size of the tube if we were to put in a system, it must be on the question of putting in some smaller sized tubes in certain locations, where the tubes are extended, rather than putting in an 8-inch tube, but I am very sure they would not consider putting in a tube any larger than 8-inches for carrying first-class mail, and then the next step is parcel post and the bulky mail, and then you jump from 8 inch to a full sized tunnel, that will carry cars and tracks, which is a parcel-post proposition.

The CHAIRMAN. Do you agree with Mr. Milholland that even with the tunnel they will still maintain the 8-inch pneumatic tube through the tunnel?

Mr. EMERSON. I do, very decidedly; because the tunnel would only connect a comparatively few number of offices, whereas the pneumatic tube reaches over a very large territory, and one is for

the lighter mail almost exclusively and the other is really mostly for parcel post or the bulky mail.

The CHAIRMAN. Now, if a tunnel is adopted connecting the Pennsylvania Station with the New York Central Station, would you have an 8-inch pneumatic or letter tube through that?

Mr. EMERSON. Yes.

The CHAIRMAN. Connecting those two stations?

Mr. EMERSON. Or else I would leave the 8-inch tube where it is, because that tube would not only connect those two points but connect all other post offices in New York City, so there would be the two methods of handling, one being for high-speed express service, because the 8-inch tube would go very much faster than any tunnel, from workroom floor to workroom floor, whereas with the tunnel it would have to go by gravity down to the tunnel level and be put on the carriage and then taken over to the destination and put on lifts and gotten upon the workroom floor. It is the difference between freight and express service.

The CHAIRMAN. Mr. Milholland, do you contend that all of the pneumatic tubes which have been installed are necessary for the good of the mails?

Mr. MILHOLLAND. I do not know where you would abandon any line where the service is developed. There are some Government lines that the Government asked us to build in Philadelphia—they were built against our judgment; that is, we thought it would have been very much better to go over to West Philadelphia over the river on one line than to go the other way, and there has been a good deal of talk about one line up in Boston not being necessary for the requirements of the mail, but when you consider that in England they are building for the next 75 years, it seems folly for us to talk about surplus lines. You have here the changes on two lines that do not pay very much; the business is not sufficient. On every railroad system in the country there are feeder lines, and sometimes there are branch lines of every railroad that do not pay.

There is another point I wish to refer to in passing, and that is the question of use. We have never used these tubes—they have never been used in anything like their capacity. You can carry 5,000,000 to 6,000,000 pounds, if you want to drive things through; between 5,000,000 and 6,000,000 on those lines, but they are never fully used, because there is no human skill that is capable of handling them at the highest rate of speed, but what does that amount to? There is not a line of railroad to-day in the United States that works to its utmost capacity. The Baltimore & Ohio, the statistics show, is worked only about 6 per cent of its capacity. The Pennsylvania is only worked to about 8 per cent of its capacity. That may surprise you, but those are the figures of the Interstate Commerce Commission.

The CHAIRMAN. If they had the proper equipment they could do more, you mean?

Mr. MILHOLLAND. Oh, I think they could do a good deal more, but there is always a certain amount of "lost motion" or margin of loss in every case, because the maximum is seldom if ever required; because no piece of machinery is ever worked up to its fullest capacity.

The CHAIRMAN. Now, was there anyone else who wanted to say anything more about that tunnel? I was in hope of getting that by

itself and get it out of the way before we got into this other matter too deeply. If you have anything further you wanted to say—

Mr. MILHOLLAND. No; I wanted to be very brief, and I hope I made myself intelligible. On the question of the Interstate Commerce Commission, that is a matter that can be disposed of in writing.

The CHAIRMAN. Yes.

Mr. MILHOLLAND. As to who owns the tunnel or who is going to build it, I assume if one be built, it will be done in the only fair way, and that is by competitive bidding. We are interested in tunnels, and deeply interested; we want to have a chance to bid on them. The way the bill is drawn it favors one contractor, and I do not want that; we want open bidding; we are perfectly willing to go in and bid for the building of the tunnel against the whole world, as we did in Paris and London.

The CHAIRMAN. Well, I do not understand the bid binds the Government to any contractor. My thought was that was put in to show it was possible to build within the estimate because somebody had said he could build it within the estimate. But that is a matter that can be considered later.

Senator HENDERSON. I was not here at the beginning of the tunnel proposition, but I understand the tunnel is to connect the post offices and the railroad depots?

Mr. MILHOLLAND. Between the Pennsylvania and New York Central. I pointed out some of the difficulties, but at no time have I expressed any difficulties in carrying it through as an engineering proposition. It is not half as difficult as going under the Seine in Paris, where you are dealing with the worse kind of obstacles.

Senator HENDERSON. I got the idea from Mr. Emerson's statement a while ago that the large tunnel he referred to, having much larger tubes, was to connect the post offices and not the depots.

Mr. EMERSON. It might in some few places, but it would be very few places, like connecting the general post office with a railroad terminal.

Mr. MILHOLLAND. A very significant thing, I think, would be this: That the Post Office Department's policy of service and transportation has absolutely fallen down, or they would not be back here with this proposition. It is their proposition. We are glad to see the principle applied, but we say let us not begin contractive processes by defective processes. If we want capital in the future to come into Government transportation, the Government ought not to begin by throwing down contractors who have given you 24 years of the best possible service, according to the records of the Post Office Department. That is infamous.

Mr. Chairman, there are a few other matters I would be very glad to go into, but Mr. Emerson and the gentlemen you would like to hear—

The CHAIRMAN. I would like to hear somebody talk to us briefly about this tunnel proposition.

Mr. MILHOLLAND. Mr. Emerson is the engineer of the Boston company, but before giving way to him I will, with your permission, ask to hand in some further objections to this tunnel scheme now before your committee. Of these I consider the most formidable that provision in the bill which practically cuts out competitive bidding, leaving it within the power of the Postmaster General to have the whole tunnel project carried out by private arrangement with any

company he chose to select. This is contrary to the whole spirit of Government work and I protest against it, particularly in the light of this somewhat suggestive extract which I quote from page 80 of the hearings before the House Committee on the Post Office and Post Roads, July 19, 1919, Chairman Steenerson presiding:

The CHAIRMAN. You say that Messrs. Stilwell and Putnam are your employees?

Mr. SUTTON. We paid them for making this study.

The CHAIRMAN. This estimate was originally submitted to the Postmaster General?

Mr. SUTTON. Yes, sir.

The CHAIRMAN. Did you know at that time that Mr. Putnam was a relative of the Postmaster General?

Mr. SUTTON. No, sir.

The CHAIRMAN. You know it now, do you not?

Mr. SUTTON. I have heard that there is a remote relationship.

You say, Mr. Chairman, that we need not concern ourselves about the bill not providing for open competition. I am glad to have this assurance, for, in the light of post-office history, assurances of this kind in these matters are most needful. I offer an extract from the Congressional Record of October 14, 1914, in which the chairman of this committee himself figures most conspicuously:

(The extract referred to is here printed in full as follows:)

AN ILLUMINATING RESOLUTION.

A resolution, introduced in the Senate by Senator Townsend, called on the Postmaster General for the papers in the matter of the purchase of automobiles during 1913, 1914, and 1915. This resolution passed the Senate on October 7, 1914.

The official record follows:

[Extract from Congressional Record, October, 1914.]

“AUTO TRUCKS FOR THE POSTAL SERVICE.

“The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a preceding day, which will be read.

“The Secretary read the resolution (S. Res. 459) submitted by Mr. Townsend, September 28 (calendar day, October 2, 1914), as follows:

“Resolved, That the Postmaster General be, and he hereby is, directed to send to the Senate at the earliest possible date, all information in his possession or in the possession of the Post Office Department, in any manner bearing upon the action of the department in inviting the manufacturers of auto trucks, some time prior to the 8th day of September, 1914, to submit bids for supplying such trucks for the use of said department.

“Such information to include the department's invitation to bidders; copies or originals of the respective bids received; the action of the department in forming a committee to pass upon the bids; how, by whom appointed, and under what instructions the committee acted, as well as the names of the individuals composing said committee; the full report of the committee and the reasons for its award of contract or contracts to other than the lowest responsible bidder, if such awards were made, and all correspondence or facts that will tend to give the fullest possible information regarding this transaction.

“The VICE PRESIDENT. The question is on agreeing to the resolution.

“Mr. BRYAN. Mr. President, I should like to inquire of the Senator from Michigan what is the purpose of this resolution. Has the Senator reason to believe that anything wrong has been done in the letting of contracts by the department?

“Mr. TOWNSEND. Mr. President, the Senator from Michigan has reason to believe that things were done in reference to the letting of this contract which, with such information as the public now possesses, are very difficult to understand.

“EIGHTEENTH ON THE LIST, BUT WINS.

“The fact of the matter is, as I understand and as I learned from the purchasing agent, that some time ago bids were invited for the furnishing of a certain number of automobile trucks for the Post Office Department. Specifications were sent out with the clear understanding that the lowest responsible bidder would receive the award. The bids were opened on the 8th day of September, as I recall. There were forty-odd bidders. Agents came here from all over the United States to be present

at the opening of the bids. They were submitted to a committee of five, one from each of the divisions of the Post Office Department and one from the purchasing agent's office. Report has it that this committee submitted its findings to the Postmaster General, and that he did not follow its recommendations; that the findings were sent back to the committee; that another report was made; that half of that was rejected; and that the contract was let to the White Co., of New York or Cleveland. The bid of the White Co. for one class of car was eighteenth above that of the lowest bidder, and in another class it was twenty-eighth, as I recall it, above that of the lowest bidder. I am speaking largely from statements that have come to me from the bidders and from what I have gleaned from the purchasing agent, who knew nothing personally about the awards, as the matter was not left in his hands.

"I did not care to discuss the matter or to cause any reflections at all until full information was obtained. All I wanted was the facts, in order to be able to answer the people who have a right to know what course the department followed in letting this contract. That the award was irregular I have no doubt. I hope the record will show nothing worse.

"Mr. BRYAN. Has the Senator made any inquiry of the department?

"Mr. TOWNSEND. I wrote a letter to the department asking about this matter, and it admitted that the contract had been let to the White Co. It stated that there was a number of White machines in the service now, and that the department thought it best to purchase other machines of the same company. They did not answer my question as to why they had put the manufacturers of automobile trucks all over the country to thousands of dollars of expense—and it amounted to that—to come down here to be present at the opening of the bids when it was predetermined that the contract would be awarded not to the lowest bidder but to the White Co., which was far from the lowest bidder. There was no explanation of the apparent fact that several thousand dollars more had been paid for the White trucks than would have been necessary to purchase trucks of exactly similar specifications from other responsible companies.

"Mr. BRYAN. How many trucks were purchased?

"Mr. TOWNSEND. I believe six were finally purchased.

"The VICE PRESIDENT. The question is on agreeing to the resolution.

"The resolution was agreed to."

But no reply has ever been made to this resolution.

In connection with Senator Hardwick's letter, it seems relevant to recall that interesting passage at arms between the Joint Congressional Tube Commission and the Postmaster General with the crushing rebuke administered to him by the commissioners.

On April 23, 1918, Mr. Burleson had addressed an extraordinary letter to each Member of the Senate. It contained his most vicious attack upon the tubes and also reflected upon the commission and portions of its work. It was promptly answered. It is one of the strongest documents emanating from that body and remains to this day one of the most powerful refutations of the Post Office Department's propaganda against the tubes; a leading feature of the controversy that constitutes the literature of this chapter of congressional history.

(The document referred to is here printed in full as follows:)

ANSWER TO STATEMENTS WHICH THE POSTMASTER GENERAL IN A LETTER ADDRESSED TO THE CHAIRMAN OF THE SENATE POST OFFICE COMMITTEE AND EACH MEMBER OF THE SENATE, DATED APRIL 23, 1918, GIVES AS REASONS FOR PROTESTING AGAINST THE ENACTMENT OF AN AMENDMENT IN THE CURRENT POST OFFICE APPROPRIATION BILL APPROVED BY THE SENATE POST OFFICE COMMITTEE WHICH PROVIDES FOR THE PURCHASE AND OPERATION OF THE PNEUMATIC TUBE MAIL SERVICE BY THE GOVERNMENT ON AND AFTER JULY 1, 1918.

NOTE.—All of the information now given in the Postmaster General's letter was presented at public hearings before the House and Senate Post Office Committees last year and also before Congress during the consideration of the Post Office bill. Congress at that time decided, after careful consideration, to appoint a joint commission of its own to investigate the subject. This same information was then presented to the joint commission of three Senators and three Representatives. This commission decided after most careful consideration that the information was not based upon fact, and they have recommended after a most complete investigation,

in which they were aided by expert engineers and auditors, that the Government should purchase and operate these tubes. The Postmaster General now ignores the recommendations of this impartial commission and the unanimous views of the public and the press and again advances these same statements by sending copies of the letter in question to all Senators.

## STATEMENT I.

"The tubes are unnecessary and a hindrance to efficient operation of the Postal Service. The volume of all classes of mail has so greatly increased and surface transportation so greatly improved, both as to speed and frequency, that the tubes are no longer of value. This is illustrated by the fact that in 1913 it was estimated that 5,373,147 letters were 'advanced' daily through the use of the tubes, while in 1915 only 2,837,638, or about one-half, were 'advanced.' No doubt this ratio of reduction has continued and, if so, there is now little or no mail 'advanced' by the tubes, notwithstanding the fact that the screen-wagon schedules are arranged so as to secure the greatest advantage of the tubes."

The commission concluded (p. 1) after careful analysis of the testimony, holding public hearings, inspecting the tubes, and considering the reports of its engineers, auditors, and the final briefs submitted by the owners and the Post Office Department, "That the tubes as now installed for carrying letter mail are necessary for proper postal service and should be continued \* \* \*."

The volume of mail has undoubtedly increased and particularly the parcel post mail. The tubes, however, were constructed for the sole purpose of facilitating the delivery of letter mail. The commission's engineers, Stone & Webster, say (p. 3): "No number of automobiles, even at a cost exceeding that of the best combined automobile and tube service, could obtain all of the advantages of a combined service" (of tubes and automobiles).

Twenty-four million eight hundred twenty-nine thousand and twelve letters are carried daily by the tubes, according to the Post Office records (p. 21)—also three to five million letters are "advanced" or make connections every day which would be lost by any other means of transportation. "The commission (p. 3) feels that the additional cost for providing expedition for these amounts of mail is fully justified."

As to the statement that 5,373,147 letters were "advanced" daily through the use of the tubes in 1914, while in 1915 only 2,837,638, or about one-half, were "advanced," this statement is not true according to the Post Office records, and, moreover, the two years are not comparable. The actual number of letters "advanced" daily in 1915 was 4,649,976, for the Postmaster General in his figures omitted the amount of mail which was "advanced" by tube in Boston. Also the per day count of all letter mail in 1915 is less than the count in 1913, due undoubtedly to the fact that the 1915 figures were taken during the two lightest mailing days of the light mailing month of August, and also during a period of decided business depression. It would therefore follow that if the total number of letters mailed in 1915 were less than the total number of letters mailed in 1913 the opportunity for "advancing" mail would be less in 1915 than in 1913.

Undoubtedly the volume of parcel post and paper mail has increased, but this has no bearing on the use of the tubes, as obviously the letter mail should not be treated in the same way as the inferior classes of mail. While frequency of surface transportation may have increased because of the growth of bulk mail, it is self-evident that there has been no abatement in the congestion of the streets of the principal cities. It is therefore impossible that the speed of transportation can have increased.

## STATEMENT II.

"Because of their limited capacity the tubes can not be used to meet emergent conditions and for that reason delay millions of letters annually."

The Postmaster General stated last year as his chief objection against pneumatic tubes their alleged limited capacity, claiming "the capacity of each container is limited to 5 pounds" and "the rapidity of dispatch to about 15-second intervals."

The commission has therefore given particular attention to this point and finds by its own observations, as well as from the report of its engineers (p. 133) that the carriers instead of being limited to about 5 pounds will actually carry an average of 8 pounds and that with "a little care 11½ pounds of ordinary mail was easily put into a container." As to the rapidity of dispatch, 10 seconds was found to be the usual interval and the engineers state "there seems to be no reason why this setting, or even a lower one, can not be used when desirable."

The pneumatic tubes have a maximum capacity of 200,000 letters per hour for each line of tubes. Their carrying capacity is therefore far beyond the output or working capacity of every post office with which they connect.

Because of this flexibility in the matter of its capacity, the pneumatic tubes have not only met "emergent conditions" but have overcome them so that the business communities of New York and Chicago, during the severe storms of December, 1917, and January and February, 1918, received their mail with regularity. Stone & Webster say (p. 131): "After the recent storm in New York, December 13, 1917, motor vehicle service was completely demoralized for several days \* \* \* and without the pneumatic tubes vast quantities of first-class mail would have been seriously delayed." This same condition existed in Chicago and in the other cities. In Chicago, for example, during certain days of this winter absolutely no automobile service was provided. The Government-owned automobile service in New York City is even now in a chaotic condition, and during the months of January, February, and the early part of March its presence could hardly justify the term "service," because, though an automobile might leave a postal station, no one, not excepting postal officials, dared say when it would stop or when it would return. Yet the mail reached the addressee. And that feat was accomplished by means of the pneumatic tube and because the pneumatic tube had met and overcome an "emergent condition."

The statement that the tubes delay millions of letters annually is at total variance with the facts. The post office records themselves show that the tubes permit three to five million letters of the 24,000,000 letters which they carry, to make connections every day which otherwise would be missed. Moreover, the Post Office Department has always had vehicular service as well as tube service at its disposal, and if it were possible that the pneumatic tubes were delaying mail the department would certainly send this mail by vehicles. If mail is delayed, the fault is in the way in which the post office utilizes the tube service and not in the tubes themselves. This fact is borne out by the investigation of Stone and Webster, who, referring to certain alleged delays in Philadelphia, state: "These delays are consequently not due particularly to the tubes as such, but to the conditions under which they are used."

#### STATEMENT III.

"Because of their unreliability, due to breakdowns and stoppages, the tubes cease operation for hours and even days at a time, and it is often necessary to dig up the streets to obtain the mail clogged in the tubes. When this occurs it is necessary to immediately substitute vehicle service, which results in confusion of schedules, thereby disorganizing the transportation and delivery services and causing delay to large quantities of letter mail."

The commission's engineers, Stone and Webster, say in this connection (p. 131): "Relative reliability—irregularities of tube service from accidental causes are less frequent than similar irregularities of motor-vehicle service, but are more serious when they do occur," and they conclude "that on the whole the tubes probably delay less mail from accidental causes than would automobiles." They further add, "It is obvious that there is a great advantage in this respect in having both systems, as they are adversely affected by entirely different causes, and this would be especially true with both under complete control of the Government, so that their duplication would be most effective."

"The operating records of the pneumatic-tube companies show that their service is as near perfect as any mechanical service possibly could be." The engineers, Stone and Webster, say in this connection (p. 113): "As a mechanical device we find the pneumatic tubes to be a well-developed mechanism," and "The records of interruptions to tube service show them to be due almost entirely to the element of human operation. There are practically no interruptions to the service due to the plant or its design."

#### STATEMENT IV.

"Because of defects, carelessness on the part of operators, and accidents the tubes soil or damage thousands of letters each year, and in many instances entirely destroy others, thus resulting in many complaints and great inconvenience and loss to the public."

The engineers, Stone and Webster, say (p. 121):

"*Damage to mail in tubes.*—\* \* \* An occasional letter may become soiled by accidental dropping upon the floor, which is more or less greasy about the tube terminals. In rare instances tube containers are improperly closed through carelessness of an operator and may open in the tube in transit. In such an event the contents of the containers are liable to spill out into the tube, be pushed along by the following container, and much of it badly soiled and damaged. The total amount of mail so damaged is, however, very little."

## STATEMENT V.

"Less than 50 per cent of the letter mail or 5 per cent of the entire volume of mail handled at the stations having pneumatic tubes is transported by the tubes. If they were abandoned, practically all of this mail could be handled more expeditiously and at less than one-third the cost by other means and large quantities of mail, now delayed by the tubes, advanced."

The records prepared by the Post Office Department for Stone and Webster (p. 119) show that the pneumatic tubes "transport 72 per cent of the letter mail in New York during the hours the tubes are in operation, and in these records no deductions were made for the mail transported to and from stations not connected with tubes. Also in Chicago the records show that 61 per cent of the mail was carried, and here no allowance was made for mail handled during the hours the tubes were not in operation" (p. 119). Stone and Webster further say that they see no reason why under Government ownership the tubes should not be operated constantly—that is, during the 24 hours of the day. If this were done the percentage of mail carried by tubes would be much higher than at present, and under proper postal operation there would seem to be no reason why the tubes could not carry all of the first-class mail.

As to the statement of the Postmaster General that: "If the tubes were abandoned practically all the mail could be handled more expeditiously and at less than one-third the cost by other means and large quantities now delayed by the tubes advanced," Stone and Webster say (p. 114): "We find that unquestionably the pneumatic tubes render first class mail certain postal service that can not be equalled by any other existing facility." They estimate that the extra expense of tube service under Government operation as compared with the cost of necessary automobile service to replace the tubes if discontinued would be about \$312 per day. The commission therefore concludes (p. 4) "That for this sum Congress can well afford to provide this special service for three to five million letters daily that are enabled thereby to reach their destination earlier, which would not be true if the tube service were dispensed with."

## STATEMENT VI.

"Notwithstanding the small quantity of mail transported by tubes the cost per mile is more than the entire amount paid for carrying the mail on all railroads entering New York; three times as much as is paid those entering Boston, and one-sixth as much as the entire cost of the screen wagon, automobile, city delivery and collection vehicle service for all the cities of the United States."

The commission noted a somewhat similar statement in the last annual report of the Postmaster General as follows: "The rental—\$17,000 per mile is more than the total amount per mile per annum paid for carrying the mail on all railroads entering New York City \* \* \*."

It is to be noted that the Postmaster General now states that this tube rate per mile per annum is "more than the entire amount paid for carrying the mail on all railroads entering New York." It is obvious that this statement is incorrect, and is misleading. Moreover the commission can see no reason for a comparison between railroads to whom the carrying of all classes of mail is an incident and the tubes which are used exclusively for first class mail and are available every ten seconds in the day for that purpose. The real criterion would seem to be whether or not the expense of \$312 a day is warranted if 3,000,000 to 5,000,000 letters are thereby permitted to make connection they otherwise would miss—to say nothing of the other 20,000,000 letters which the tubes on this basis of figuring would carry without expense to the Government.

## STATEMENT VII.

"The cost of transporting mail by tubes is excessive and an extravagant waste of public funds. Investigation shows that in Philadelphia it cost approximately 13½ cents for each letter 'advanced' by tube. What is true in Philadelphia is equally true in other cities. This is more expensive than special-delivery service."

This as an absurd misstatement of fact as far as the cost per letter "advanced" is concerned, and is an absolute misstatement when it points out that "what is true in Philadelphia is equally true in other cities."

The letters "advanced" or particularly benefited by tubes in Philadelphia during the count of 1913 amounted to 832,435 letters a day, while in the count of 1915 they amounted to but 60,591 letters a day. This clearly indicates an incorrect count, for the total number of letters "advanced" in all tube cities in 1913 amounted to 5,375,147 letters a day as compared with 4,649,976 in 1915; nevertheless the Postmaster General

says "what is true in Philadelphia is equally true in other cities." But using the figures given for Philadelphia, viz, 60,591 letters per day actually benefited and charging the entire cost of the tube system to these letters, the cost per letter amounts to a little over 7 mills, and not to 13½ cents, as stated by the Postmaster General. Moreover, the average cost of advancing or benefiting letters in all the cities, including Philadelphia, instead of being the same as in Philadelphia, amounts to but approximately one-half mill per letter instead of 13½ cents, or, in other words, 135 mills. The tubes themselves, as already stated, carry approximately 25,000,000 letters a day, and the cost of carrying a single letter is a little more than one-tenth of a mill, or at the rate of, say, 91 letters for 1 cent.

#### STATEMENT VIII.

"Because of the unreliability and the inefficiency of the tubes it has become necessary to divert a large quantity of mail formerly dispatched through them to automobiles wherever close connections are required. It has been found that later closings can be made and closer connection assured by means of automobiles. This is true even in the congested sections of New York City."

The commission, through its engineers, has had careful investigation made of this statement and can not find it to be borne out by the facts or by the records of the Post Office Department. Stone and Webster report that under a ten-second headway the tubes carry 144,000 letters an hour and that by increasing the dispatch to eight-seconds the capacity would be increased to 180,000 letters per hour. "Obviously this amount, in the ordinary flow of first class mail, would accumulate only infrequently" (p. 19).

The use to which the pneumatic tubes are put depend entirely upon the Post Office Department. They can use them or not, as they please. Stone and Webster say in this connection (p. 120) "When the mails which require tube service for expedition become so large that some is delayed by lack of tube capacity, then increase of tube facilities can well be considered. Until that time there would seem to be no reason for the frequent recurrence of actual delays to mails on account of the tubes."

#### STATEMENT IX.

"The tubes can not be maintained and operated for the sums mentioned in the amendment, \$500,000 per annum. In their report Stone and Webster state that the average cost of operation for the past four and three-fourths years was \$512,000 annually, and the system can be operated by the Government for \$465,000 annually. The average cost for the period mentioned is not a proper standard by which to measure present and future cost. Because of war conditions, increased wages and shorter hours of Government employment, the tubes can not be operated for \$500,000 per annum. No provision is made for depreciation or maintenance of the tubes, which are fast deteriorating and which will have to be rebuilt long before final payment has been made. It will be necessary to ask for a large deficiency appropriation each year to operate and maintain the systems."

Stone & Webster estimate that before the war the Government could have operated the pneumatic tubes on an eight-hour basis, paying Government wages and using more men than are used by the tube company, for approximately \$453,000 per year. The additional \$47,000 provided therefor would appear to be sufficient to cover increases in costs of materials and labor. In fact, in the minority report the Post Office authorities estimate that they should have but \$25,000 to cover "excess in salaries of tube operators, laborers, engineers, machinists, and supervising officials." In the engineer's estimated cost of operation is contained necessary items for all maintenance and for the usual depreciation of machinery and equipment excepting the tube itself, which, in their opinion, will last upward of 50 years. They say in this connection (p. 122): "As we believe that the pipe and street work which makes up the greater part of the total investment should have a physical life of more than 50 years and as the oldest part of the present tube system was installed about 25 years ago, our opinion is that such extraordinary repairs would be negligible for more than 25 years. During this period, therefore, it would not be necessary to make any regular annual appropriation on account of depreciation."

#### STATEMENT X.

"Under the proposed plan of payment the franchises will expire in some cities before the tubes are even paid for. In one instance the property will revert to the city and the Government will be required by the law to pay for and operate the system after the property has reverted to the city."

"The commission does not consider that the conditions or limitations of the franchise or street rights exercised by the tube companies would affect the right of the Government to maintain, operate, and extend underground pneumatic-tube mail service in the event that the systems now in operation should be acquired by it and operated as a part of the Postal Service" (p. 39).

"The commission has allowed nothing in its estimates for franchises, since it believes that the Government itself would have no difficulty in securing and perhaps would not need to secure a franchise from the cities to operate or to extend the existing pneumatic tubes, and that the tube companies themselves must necessarily sell to the Government whatever rights they have in the streets to properly convey their properties to the Government as they now exist.

"The question has also arisen in connection with the rights of the company to property in the streets of the city of Chicago—whether or not the Chicago company, which has an unusual franchise arrangement with the city, can convey to the Government an unencumbered title to properties in the streets. Under the terms of the franchise the properties of the company in the streets and alleys revert to the city in 1923. The company claims that this provision was inserted into the franchise merely to protect the city; that the company would have no difficulty in securing an extension of the franchise; and that if the Government acquires the properties of the company it should have no difficulty in securing a release from the city of whatever rights the city may have in the tubes, and will therefore guarantee to the Government a clear title, making whatever arrangements are necessary in that connection with the city of Chicago" (p. 41).

#### STATEMENT XI.

"Because under the proposed plan, assuming the maximum price of \$4,432,622 is paid for the tubes, 11 years will have expired before final payment can be made, thus expending approximately \$11,000,000 for which the Government will acquire and be compelled to operate, 56 miles of worthless junk, and because of its use delay millions of letters annually."

Under the plan proposed by the commission not only will there be no increase in cost to the Government over the present rentals for pneumatic-tube service, but, in addition, the Government will purchase the tube systems on an installment basis in such a manner that in slightly over 10 years, assuming the maximum estimated price is paid for the tubes, the Government will own them for the same amount that it is now paying for a 10-year rental period.

As to the statement that the tubes are "worthless junk," the Post Office Department say in their brief (p. 64): "The department is without data gathered by its own representatives upon which to base a physical valuation of the pneumatic-tube properties and equipment in any one of the cities where tubes are operated." Stone and Webster say in this connection (p. 113): "The amount of money spent for maintenance of the machinery has been relatively small, yet the equipment appears to be in good operating condition. We had opportunity to examine the underground pipes at several points and found no evidences of deterioration." Also, on page 117, "We believe all the tube systems to be in excellent operating condition."

#### STATEMENT XII.

"The Government is under no moral obligation to purchase the tubes or continue their use on a rental basis, a fact that is admitted by the tube owners. This is even more apparent when it is known that the department has already paid more than \$11,000,000 in rental for the tubes now in use, which is twice the estimated cost of construction."

The commission does not understand that the tube owners have ever admitted that the Government is under no moral obligation to purchase the tubes, but that they have said that they would waive that point, in view of their decided opinion that any impartial commission would decide that the tubes did have value to the Post Office Department and should be owned by the Government. The tube owners insist that the tube service was made possible only by the action of Congress and the Post Office Department in indorsing and requesting that character of service, and only after the needs and advisability of the service had been approved as each tube line was constructed. They state that large investments of private capital have been made in the tube properties, with the implied understanding, at least, that long-time leases would be made or the system purchased by the Government, thereby protecting the investors (p. 33).

## STATEMENT XIII.

"The department would be compelled to purchase and hereafter operate the present obsolete pneumatic-tube systems, notwithstanding the fact that better means of underground transportation may be obtained. Even at this time the department has under consideration the utilization of subways for the transportation of all mail in the congested portions of the city of New York."

The engineers' report clearly shows that the pneumatic tubes have ample capacity to carry the letter mail, for which purpose alone they were constructed. The commission had full knowledge that the Post Office Department has tried to secure permission to carry mails in the subways of New York City. To do this, however, mail would have to be transported from the post offices to the subway and again from the subway back to the post offices. This is practically the method that was used some years ago in connection with the elevated railways and it was found to be far from satisfactory.

It is also extremely doubtful if the transportation companies would agree to carry mail in this way as is indicated by the statement of J. H. Neal, vice president of the Boston Elevated Railway as follows (p. 29): "One thing as to the use of rapid-transit lines: You should not consider that seriously as an alternative for the tube service, for the reason that the rapid-transit line is built primarily for the transit of passengers. If you should interfere by placing pouches on the trains, with just one single train, or 3 per cent, you have in effect deducted 3 per cent on \$12,000,000. Our rapid-transit lines are not in position to handle that sort of business."

## STATEMENT XIV.

"The proposed manner of purchase is not as favorable to the Government as that offered by one of the tube companies to the department in 1916, when it was stated that they expected to realize only that degree of value which the tubes possess to the Government service. They did not even ask that they be purchased at their physical value. To this offer the department replied that the tubes had so little utility value to the service that they would not be accepted as a gift."

The commission considers this an absolute misrepresentation of a letter from the American Pneumatic Service Co., which is a matter of public record. (See p. 32 of briefs.) In this letter the company stated that they expect to realize only the value which the tubes possess to the Government mail service, but they add that they should expect this value to be determined by some impartial tribunal. The department's reply also applied only to the cities of Boston, Chicago, Philadelphia, and St. Louis and not to New York where over one-half the total tube mileage is located. At that time the department was recommending the continuance of the New York system.

The present commission has concluded in that connection:

"1. Pneumatic tubes as now installed for carrying letter mail are necessary for proper postal service and should be continued in the cities of New York, Brooklyn, Philadelphia, Boston, Chicago, and St. Louis. \* \* \*"

In fact every investigating commission and every Postmaster General until the present administration has been in favor of the continuance and extension of the pneumatic-tube service.

The commission gave full consideration to the fact that because of war conditions the Postal Service is being conducted under many handicaps. It believes in this connection that nothing should be done which would retard the delivery of important letter mail and it considers that rapid transmission of first-class mail should be provided independent of and divorced from the common or less important and lower classes of mail (p. 3).

As to the statement "that in the opinion of those responsible for the Postal Service the tubes are archaic, worn out, and useless junk," the commission considers that this statement is in no way borne out by the facts as disclosed by the report of the engineers of this commission and of previous commissions, and they state in this connection (p. 18) "an examination of these reports submitted since the organization of this commission and since the attitude of the department in opposition to tube service became so pronounced impresses one that a strained attempt is made to ~~marshal~~ facts and arguments in such manner as to support a predetermined conclusion ~~rather~~ than an effort to present each phase of the subject and logically reason a conclusion therefrom," and also "statements of fact are advanced with respect to tube and automobile service which the commission is not prepared to accept, having in ~~mind~~ their own investigation and observation \* \* \*." And further (p. 19): "It is interesting and worthy of notice that though apparently every supervisory official in the post office in Chicago signed with approval the report concerning tube service in ~~that~~ city, members of the commission are advised that in private conversation ~~some~~ of these gentlemen stated that in their personal opinion the tubes were a valuable ~~adjunct~~ to the postal equipment of that city."

Decided exception can be taken to the statement that the commission did not summon before it post-office officials and hear from them "the many sound reasons why the tubes should be abandoned." The commission had before it all the testimony which was submitted by postal officials at the public hearings held before the House and Senate Post Office Committees last year. These hearings consumed four days before the House committee and six days before the Senate committee, and the testimony was heard in its entirety by members of the commission. Not only that, but a postal expert was assigned to the commission by the Postmaster General and accompanied it on its tour of investigation. Also members of the commission personally conferred with the postmasters and post-office employees directly concerned with the operation of the tubes. The engineers of the commission, Stone Webster, spent some six months in their investigations in the Post Office Department at New York, Brooklyn, Boston, Chicago, Philadelphia, and St. Louis, and made as thorough an investigation of the subject as has ever been undertaken. Every record of the Post Office Department was put at their disposal and these were not only carefully examined but were gone over in detail with the officials directly concerned and the ones the Postmaster General quotes in his statements.

Finally, the commission requested the Post Office Department to submit a brief giving in detail all the information which they had in regard to pneumatic tubes, and this brief of some 181 printed pages (see pp. 64-245 in volume of briefs) was so submitted by First Assistant Postmaster General Koons on January 10.

As to the statement that the merchants of Boston more than 15 years ago abandoned the use of 5 miles of tubes built by them for underground transportation, this is an absolute misstatement of fact, as is well known by the Post Office Department and is shown by their records.

The tubes in question were built by the Boston Pneumatic Transit Co., which at the present time has the contract for carrying mails by pneumatic tubes in Boston. They were first constructed for carrying parcels in connection with a wagon delivery system. The Post Office Department at that time was most anxious to acquire tubes for transporting the mails, and after investigation by postal experts and proper advertisement, these tubes were rebuilt and connected with the post offices, and since that time have been used in the Postal Service. The first contract for these tubes expired in 1906 and at that time after a most careful investigation by postal experts a new 10-year contract was made for these tubes in connection with the other tubes which are used in the Boston postal system. The merchants of Boston had nothing to do either with the construction of these tubes nor with abandoning their use for carrying parcels.

The statement is made that a commission appointed by the Postmaster General of Great Britain, which visited this country several years ago to investigate the pneumatic-tube system in use here, reported to their Government that the tube system was no more efficient than the ordinary road van used on the streets of London.

The report of this commission was submitted to the Senate Post Office Committee last year and the conclusions there given instead of being as stated were to the effect that in addition to recommending the carrying of letter mail by pneumatic tubes, such as are used in this country, the commission recommended that tunnels large enough to carry parcel post and bulk mail be constructed between three of the most important post offices in the city of London; also that tubes, such as are used in this country, be hung in these tunnels where it was possible to do so, and elsewhere be laid beneath the streets, as is the practice in this country.

#### POSTMASTER GENERAL BURLESON'S "SPAVINED MAIL SERVICE."

[From the New York Sun, Tuesday, Jan 28, 1919.]

All excellence is comparative; why, then, continues the public wailing and gnashing of teeth over Postmaster General Burleson's mail service? As a matter of fact, by the test of comparative merit, his post-office business is making strides toward betterment, if not perfection.

It is true that whereas it was once possible to mail a letter in Chicago and have it delivered in New York in about 24 hours, one may be mailed now below Fourteenth Street and not be delivered in Harlem in three days. It is history also that the letter which once upon a time went from the Atlantic coast to the Pacific coast in the days now required to go from Fourteenth Street to One hundred and Twenty-fifth Street may now get through its transcontinental journey, including delivery, in several weeks.

Nevertheless, the infallible test of relative speed begins to prove Postmaster General Burleson's progress with the mail service. For it is now coming to pass that business men receive a letter ahead of a telegram, both dispatched at the same time. A letter

confirming a wire message, and arriving before the telegram is some letter, as nobody can deny. As yet this beating of the hamstrung wire service by the spavined mail service is manifested only occasionally. Under Burleson, however, there is still an effort at rivalry, the telegram winning the race one time, the letter another.

But may not the Postmaster General hope that soon, with his art of supreme vindication by incomparable contrast, we shall have every letter, whatever the distance, beating every telegram, day in and day out, to the confusion of Postmaster General Burleson's wire service, but to the triumph of Postmaster General Burleson's mail service?

**STATEMENT PRESENTED BY MR. WILLIAM FELLOWES MORGAN, PRESIDENT OF THE MERCHANTS' ASSOCIATION OF NEW YORK, AT THE CONCLUSION OF THE HEARING OF THE LAST WITNESS.**

MERCHANT'S ASSOCIATION OF NEW YORK,  
*February 9, 1920.*

Hon. CHARLES E. TOWNSEND,

*Chairman Committee on Post Offices and Post Roads,*

*Washington, D. C.*

DEAR SIR: On Friday, January 30, Mr. F. B. DeBerard, director of research for this association, outlined to you the reasons why Congress should cause an adequate investigation of the Post Office Department with reference to its policies and methods and their harmful effect upon the efficiency of the Postal Service.

As requested by you, we now formally submit the reasons why such an investigation should be made.

**THE POSTAL SERVICE IS NOW AND LONG HAS BEEN AT A LOW LEVEL OF EFFICIENCY AS TO SPEED AND REGULARITY OF MAIL MOVEMENT.**

Complaints to this association by its members as to mail delays have long been numerous and continuous. These complaints relate to material delay in the movement of mail between New York City and other points, delay and inefficient handling of local mail, particularly special-delivery letters, and the mistreatment of mail of all classes.

In 1918 this association traced and recorded the movement of 9,612 test letters to and from all parts of the United States, of which 5,384, or 56 per cent, were delayed.

In 1919 a similar record of 7,900 letters was made, of which letters 2,229, or 28 per cent, were delayed. Since the date of the latter test (May-June, 1919) complaints from our members of slow mail movement have continued as theretofore, indicating that the conditions have not substantially improved.

Complaints of poor mail service, particularly as to slow movement from point to point, are not confined to members of this association, but have been received from a great number of correspondents representing every part of the United States.

The evidence supporting these statements is given in detail in a report entitled, "Inquiry Concerning Mail Delays" made to this association by its committee on postal affairs under date of May 13, 1918 (Exhibit A); and in a report addressed to that committee under date of October 25, 1919 (Exhibit B) copies of both of which are appended.

The reports and the tests indicated deal mainly with slow movement of first-class mail. Abundant evidence can be adduced to prove that third and fourth class mail is subjected to far greater delay, often so extreme as to destroy usefulness. Periodical publications, which should be delivered in from one to three days, very generally require a week for delivery, and often two weeks or more.

The losses by theft of parcel-post shipments are very serious. While there are no means by which their actual number can be learned, it is great and increasing and is a heavy burden upon business shippers who make use of the parcel-post service. So frequent and extensive are such losses that the states charged by insurance companies have become almost prohibitory. These conditions indicate that the department's methods for protecting shipments in custody are to a large degree ineffective.

THE EXISTING LOW POSTAL EFFICIENCY IS DUE IN LARGE PART TO THE CURTAILMENT OR ABANDONMENT BY THE DEPARTMENT OF FACILITIES INDISPENSABLE TO THE HIGHEST DEGREE OF PROMPTITUDE AND REGULARITY OF MAIL MOVEMENT AND THE SUBSTITUTION OF INFERIOR AND CHEAPER FACILITIES WHICH CAUSE DELAY AND IRREGULARITY.

*Curtailment of the railway post office service.*—The function of the R. P. O. service is to assort or "work" mail while in transit so that upon arrival at a terminal it may be ready for immediate delivery; or for immediate transfer to connecting lines if destined for points beyond.

Most of the mail not thus worked in transit is delivered at the terminal unassorted and must be there detained during the process of working, whether for local delivery or for rerouting or dispatch over connecting lines.

As R. P. O. mail, if fully worked while in transit, is not subject to delay at terminals, while unworked or closed-pouch mail is subject to such delay, it is obvious that to assure the greatest expedition the use of R. P. O. cars is necessary.

It was formerly the policy of the department to work in transit as much mail as practicable, and for that purpose to run R. P. O. cars on all principal trains and on all lines over which a reasonable volume of mail was moved. Mail for large cities thus arrived separated by stations, to which it could be transmitted without detention and thus be in the carriers' hands for delivery within a very short time after the arrival of the train.

The policy of the department in this respect has been reversed. It seeks to reduce to the lowest limits the working of mail in transit by substituting therefor terminal postal stations in 47 cities and effecting the necessary working in such terminals.

During the 18 months ending January 1, 1918, R. P. O. car service was wholly abolished or greatly curtailed upon 1,612 trains out of a total of 6,636 trains previously having such service, the reduction affecting 25.32 per cent of such postal trains. R. P. O. car service was prior to that period operated over about 217,462 miles of line. During that period it was wholly abolished or greatly curtailed over about 96,178 miles of line. Thus about 44.23 per cent of the entire line mileage was wholly or partly deprived of the advantages of railway postal car service and the mails carried over those lines, formerly assorted in transit, and progressed through terminal points without detention, have since been held at such terminal points for assorting.

Because of these reductions in R. P. O. service an immense volume of mail formerly worked in transit is not now so worked but is concentrated upon the terminals in the several cities and there detained for working.

The volume of mail has enormously increased in recent years, and in moving it the department has sought to concentrate the mail into the smallest possible space and has, therefore, reduced the use of R. P. O. cars to the lowest limits and made the greatest possible use of the closed-pouch service in order to carry the maximum quantity of mail in the minimum of space, and thereby to reduce the cost of transportation. In consequence of this policy an enormous volume of mail formerly worked in transit is now concentrated upon the terminals in the great cities, where a condition of constant congestion exists, causing frequent and in some cases continuous delay in the prompt movement of mails. Because of this condition mails passing through a terminal station destined for points beyond are frequently subjected to many hours' delay by reason of missing the proper train connection, while incoming mails for local delivery are likewise subjected to the delay incident to partial working.

*Suspension of the pneumatic-tube service.*—The pneumatic-tube service in the city of New York was abandoned by the department mainly on the ostensible ground that it did not materially advance the movement of mail and that equally efficient mail movement could be provided by autos. This allegation rested upon alleged tests which purported to show that the volume of letter mails advanced by the pneumatic-tube service was relatively so small as to be unimportant.

The tests in question were not adapted to and did not fully develop the facts. Their results were, therefore, not only inconclusive but misleading. The tests were made in the season of the year when mail movement is at its minimum, and the volume of letter mail to be moved by pneumatic tube therefore was below normal. Coincidentally the auto service was at its maximum

efficiency. Obstructions of streets by congested traffic were less than 50 per cent of normal, there were no obstructions by ice and snow, and mail autos could, therefore, move between post offices and stations on a minimum time schedule. The comparison made was, therefore, between the minimum utility of the pneumatic tube and the maximum utility of the auto service. The true utility of the pneumatic-tube service lies in its ability promptly to move mail which auto service can not promptly move.

In the winter of 1915-16 in the city of New York there were 25 days during which all mails sent by auto were closed 30 minutes earlier than normally. On 209 occasions mails sent by auto missed their train connections and were held over. If during that period letter mails had been dependent upon auto service the volume of late mails deposited after closing time, and therefore subjected to many hours' delay, would have been greatly increased, and the entire body of mail intended for movement on 209 trains would have been held over. In fact, the pneumatic service, without any delay whatever, moved all the letter mail, which, if dependent upon auto service, would have been seriously delayed.

At the present time the movement of outgoing mail is very seriously delayed by its dependence upon auto movement. It frequently happens that by reason of obstructions of the streets by ice and snow mails originating in the lower part of the city are closed two hours before the departure of the train in order to give the time required for movement by auto. Thus a very large part of the great volume of mail deposited late in the afternoon can not be dispatched by the proper trains, which usually involves a delay of from 12 to 24 hours in delivery.

The pneumatic-tube service permits the continuous dispatch of mail without regard to weather conditions until within a few minutes of the leaving time of the train; and by the use of the tube the constant and serious delay in the movement of outward-bound mails is avoided.

In the winter season sole dependence upon auto service results in frequent and very serious interruption of mail movement, which interruption is wholly avoided, so far as first-class letters are concerned, by the pneumatic tubes.

It is obvious, therefore, that any comparison of the relative utility of auto service and pneumatic service should develop the failures and incapacity of the former, their effect in delaying mail movement, the volume of mail delayed, etc.; and the extent to which pneumatic service relieves or abolishes such conditions. No such complete study has been made. Nevertheless, the pneumatic-tube service was discarded by the department, with the result that the movement of mail in this city has been very materially impaired, especially in the winter season.

The suspension of the tube service has likewise greatly impaired the local mail service. Formerly when the pneumatic tube was in operation local letters mailed at any station connected with the tube, addressed to a point within the district of any other station likewise connected, were delivered within two or three hours.

Early in April of last year 118 test letters were mailed at 25 postal stations in Manhattan addressed to this association. They were all deposited in time for delivery during the afternoon of the day on which they were mailed as shown by the postmarks thereon. Only 37 were delivered the same day mailed, the remaining 81 not reaching their destination until the first delivery of the following day. This indicates the extent to which the substitution of auto service for tube service impedes the movement of local mail.

The association has also examined so far as practicable into the causes of the very frequent delays in the delivery of incoming morning mail. It has found that much of this mail, being unworked, goes into the terminal stations where it is subject to delay during the process of working. It is, in addition, subjected to further delay by the fact that it is transported from the terminal station to the several district stations by auto, which in some instances serve several stations and follow a more or less indirect route, thereby consuming considerable time in movement between the terminal and final stations—a delay which was entirely obviated when the pneumatic service was available.

In the light of the foregoing facts it is our conviction, based upon prolonged study, that the prompt movement of mail, both to and from distant points and locally, is seriously obstructed by the suspension of the pneumatic-tube service.

The pneumatic tubes in the various cities were abandoned by the department on the ground that the service could be performed by autos with equal efficiency and at much less cost. The evidence is indisputable that the auto

service in efficiency is far below that of the pneumatic tubes, and we have excellent reasons for believing that not only has no economy resulted from the substitution of autos for the tubes, but that on the contrary the aggregate cost of the service has been increased. We are credibly informed that the cost of operation and maintenance of the autos used by the Government in the mail service is far in excess of that of autos used in private service, and that an excessively large proportion of the Government autos are constantly out of service and in the shops undergoing repair by reason of the incompetence and carelessness of the drivers to whom their operation is intrusted.

Knowing that the suspension of the tubes has materially impaired the efficiency of the service and believing that it has increased the cost of the service, and having in mind that Congress has hitherto declared for a continuance of the pneumatic tubes, we urgently represent that the destruction of the machinery now proposed by the Postmaster General be not permitted, pending a fuller development of the facts affecting the case than has hitherto been made.

**ESSENTIALS OF AN ADEQUATE INVESTIGATION BY CONGRESS OF THE EFFICIENCY OF THE POSTAL SERVICE.**

The policy of the Post Office Department has for several years been directed to a reduction of the Railway Post Office Service, the concentration of mails upon railway trains in the smallest possible space, the assortment of mails in numerous terminal stations instead of during transit, the elimination of pneumatic tubes, and the substitution of autos for the local transportation of mails.

All of these changes have been made for the purpose of reducing the cost of the service, and it is contended by the Post Office Department that such reduction in cost has been made without impairing the efficiency of the service. While it is true that the cost of the service has been reduced, we contend that the reduction has been effected only by a general, widespread, and serious impairment of the efficiency of the service, and that in view of such impaired efficiency Congress should fully examine into the policies and methods of the department, in order that proper action may be taken to restore the efficiency of the Postal Service to proper standards.

We respectfully request, therefore, that Congress cause such an investigation to be undertaken, and that it employ not alone the usual methods of committee hearings but that competent experts be employed to make a minute and detailed study of all phases of the department's present organization and methods of operation, particularly with reference to the methods and operations of the Railway Post Office Service, the terminal-station service, and the pneumatic-tube service.

Respectfully submitted.

MERCHANTS' ASSOCIATION OF NEW YORK,  
By WM. FELLOWES MORGAN, President.

**STATEMENT OF MR. MERTON L. EMERSON, VICE PRESIDENT AND ENGINEER OF THE AMERICAN PNEUMATIC SERVICE CO.**

Mr. EMERSON. Mr. Chairman, my name is Merton L. Emerson; I am an engineer by profession, and for some seventeen years I have been connected with the American Pneumatic Service Co., operating tube systems in Boston, New York, Philadelphia, and St. Louis. I have known the different Postmaster Generals that have been in the office in that time, and I knew the present First Assistant when he was inspector, and I know the mail service intimately, and while I had no intention of speaking about the tunnel I know our company is prepared to build and equip such tunnels.

The CHAIRMAN. What is your company?

Mr. EMERSON. The American Pneumatic Service Co. We have built such a system; that is, a demonstration plant. The other companies have no such system as has been put in operation, and if there are any questions any member of the committee would like to ask me on the subject which Mr. Milholland has not answered I would be glad to answer them.

I think I can say, as he did, that there are certainly no engineering difficulties in building a tunnel to connect the Pennsylvania and the New York Central. At the same time, the problem is an economic one rather than an engineering one. I do think, too, as Mr. Milholand said, that if the problem is to be taken up at all, it ought to be taken up in a very comprehensive way and the whole situation at New York studied, to see what the future developments might be, so as to see what might be done to take the traffic off of the streets, and also I think the question as to the size of the tunnel is very vital, because carried to its last analysis it seems to me the logical thing to do is to see that a tunnel should be built which would permit of trains going through, rather than build some small tunnel which would perhaps take a very small portion of the load, and carrying that argument just a little bit further, of course, there are two classes of mail; there is letter mail and there is freight or parcel-post mail. There is a very distinct line of demarkation between those two classes of mail. One pays to go fast; pays for its service; one pays merely for transportation. And looking at the problem of this tunnel from the post-office point of view, if I may do that, it seems to me that if I had this thing under consideration, this tunnel, really being a transfer tunnel between two railway stations, which would not particularly benefit New York mail, I would try, rather than to transport the mail between those two stations by tunnel, to keep the mail out altogether and to divert it around the city by some way or other, because there is congestion enough in New York and mail enough in New York without transferring too much mail through New York City.

But, from the engineering standpoint, there are no difficulties about building a tunnel.

The CHAIRMAN. Do I understand you to say this tunnel is not intended to benefit the city of New York in the distribution of mail?

Mr. EMERSON. I do not see, Mr. Chairman, that it will benefit New York particularly, because mail in New York City that is going out through the Pennsylvania Station will, in most cases, be taken to the Pennsylvania Station, and mail that is going out through the Grand Central Station will be taken to the Grand Central Station, so this tunnel, it seems to me, would be principally used as a connecting link between these two railway stations for mail from New England or from the north going south, and on coming into the station would be dropped down by gravity, shot through this tunnel, if it is built, taken across the city and taken up to the train level and loaded on the trains. I do not see that the tunnel itself would benefit New York very much, and I do not see that it would take very much traffic off of the streets.

Mr. EMERSON. From the standpoint of clearness it might be well to put in my statement something that you already know. The Pennsylvania post office is, to all intents and purposes, in the Pennsylvania Station. It has direct connection with the tracks, and the same thing with the Grand Central Station post office; it has direct connection with the tracks, direct connection with the platforms of the Grand Central Station, and I hope my former testimony was not misunderstood, for I am very much in favor of some such solution. I think it will come in time, and I do hope it is practical when it is built, and will be able not only to take mail and express, but perhaps trunks and perhaps take the people, and while you are making a

tunnel it should be made big enough to carry what you have to carry, not just the smaller load.

If there is nothing more to be said about the tunnel I would like to go on about the tubes.

The CHAIRMAN. Has anyone else anything to say about the tunnel?

Mr. MILHOLLAND. I would like to say right here again that we have pictures of the tunnel in England, and whenever you are ready, it will take about 20 minutes to show.

The CHAIRMAN. All right, Mr. Emerson, proceed with your statement about the tubes.

Mr. EMERSON. Mr. Milholland has presented the tube situation, and I do not know that I want to add anything in detail unless you gentlemen want to ask me some questions.

I think one point should be brought out strongly, and that is this: That the pneumatic tubes, of which there are some 50 double miles, and which cost in round numbers \$10,000,000, the money for which was provided by some 4,000 stockholders on the very fact that pneumatic tubes were instigated by the Post Office Department. In other words, the Post Office Department created the pneumatic tubes; they determined upon the size of the tubes; they determined where the tubes would go, and not a single foot of tube was put in connecting any station until the commission of postal experts investigated the question and determined whether or not such tubes should go in, and it was upon the recommendation of the Post Office and of the postal experts that such tubes were installed.

Now, Senator Phipps has brought up a question as to whether or not there is a moral obligation. There certainly is a moral obligation, but we have never rested on the moral obligation. We have always avoided bringing up the moral obligation, because we have felt that the tubes could stand upon their own feet, as a business proposition.

However, in 1915, at the time the commission of the Postmaster General was investigating the question of making new contracts, the head of the commission, being the present First Assistant Postmaster General, Mr. Koons—by the way, that commission recommended that half of the pneumatic-tube systems be continued; in other words, a little over half of the total mileage of pneumatic tubes in New York City, and that committee recommended that the tubes be continued there and bids asked for the continuation, but no bids were submitted for the reason that the advertisement contained a proviso that the contracts could be canceled on 30 days' notice, which no company would consider. At that time the committee carried on a very extensive investigation, and the late William H. Ames, who was then president of the Pneumatic Service Co., wrote a letter to the Commission covering the moral obligation, and I would just like to read an extract from that, because I think it sets out in a very clear manner the basis of the moral obligation.

At that time there were rumors in the press that the Post Office Department intended to do away with the tubes; in fact, before that commission started its investigation its results were published in the press.

The CHAIRMAN. You are referring to the congressional commission?

Mr. EMERSON. No; I am referring to what we called the green-book commission, that made its investigation in 1915. The congressional committee was appointed because it was believed generally that the results of the green-book commission were biased, and

because of that view Congress decided it would have an investigation of its own.

But on the question of the moral obligation Mr. Ames wrote at that time:

Aside from the above facts, which are of course self-evident, there is a question of honor and good faith involved, which I am sure would absolutely prevent any action by your committee such as has been rumored in these newspaper stories. Pneumatic-tube service is in the following ways very different from any other service for which the Government pays: In the first place, the cost of installation of the system is so great that it is impossible to amortize the investment except within a period of several contract terms. Most of our systems have been constructed within the present contract term, and there remains, therefore, a very large outstanding investment. Secondly, it has always been well understood that as soon as this system of underground transportation had been developed by private interests beyond the experimental stage it would be taken over by the Government, since it is a utility whose whole purpose is for the Government's use. It is self-evident that large sums of money would not have been invested in this way unless the honor and good faith of the Government could be fully relied upon.

I have been the executive head of this company and its subsidiaries, which you have been investigating, since June 18, 1907. When I began my work I found the companies at a very low ebb in finance. At that time we did not know where our next dollar was coming from; nevertheless the United States Post Office Department was constantly demanding that we complete the tube service for which we had contracted in the several cities. Investors were afraid to put their money into what was then considered a very uncertain enterprise. I made many trips to Washington for conferences with the department, and was repeatedly assured that our contracts would not only be renewed, but that many unfair provisions in them would be eliminated at renewal and the companies thus placed on a more equitable basis in their dealings with the Government.

On the strength of these assurances we were able to raise sufficient capital to complete the systems and to develop our operation under the contracts in such a manner that the tube service has become as nearly perfect as any humanly controlled device can be.

Extensions outside of those for which we originally contracted have been continually asked for by the department during this 10-year contract period. On the assurance of the renewal of the contracts, we have built and operated these extensions, many of which have been requested and built at practically the end of the present contract term. Obviously we would not have built them if we had doubted the good faith of the Government.

I think you will grant that, taking everything into consideration, we have acted honorably and in good faith with the United States. It is, of course, our right to be treated in return with honor and good faith. We have every reason to rely on the honor and integrity of you and the members of your committee, and I do not for a moment believe that you will advise the Postmaster General of the United States to act in any but the most honorable way with us. The question before you is not one of dollars and cents alone, but it is also a question of the honor and integrity of the United States.

We sincerely hope, in view of the above, that your committee will recommend that advertisements be issued for pneumatic tube service to an equal amount and for the same cities as provided for in the 1906 advertisement, i. e., for the cities of Boston, Brooklyn, St. Louis and San Francisco, New York, Philadelphia, Pittsburgh, Baltimore, Cincinnati, Chicago, Kansas City, and also for as much additional service as may be warranted by the growth of these cities, and possibly of other cities within this 10-year period. In response to these advertisements we shall expect, in so far as the existing systems are concerned, to confer frankly with representatives of the Postmaster General and to determine with them bids which will be equitable to both parties concerned.

That letter was written in 1915; the contracts expired in June, 1916; this Post Office Department committee, of which the First Assistant Postmaster General was chairman, recommended the abandonment of the tubes in all cities except New York, and recommended their continuance there. The matter was taken up before the committees of Congress, and as a result a congressional committee composed of three Senators and three Representatives was

appointed; it made a very full investigation, aided by engineers and accountants, and they reported in 1918.

Now, in all of the hearings which have been held on this matter, in the past, the question of good faith has come up, and as I say, the companies have waived the question of good faith and moral obligation or moral responsibility, because we have felt, and we feel now, that the tube systems can stand on their own feet, on their merit alone, but I do think the moral obligation should not be lost sight of.

Now, as perhaps you know, the tubes were shut down, although Congress passed the bill authorizing extension of the tube service, and a review of the fees or rate of pay by the Interstate Commerce Commission. The President vetoed the bill on June 29, 1918, and the contracts expired on June 30, 1918, and on 24 hours' notice these properties, which cost \$10,000,000, and employed 500 people, were absolutely wiped out, so far as being operating companies were concerned.

The CHAIRMAN. For the sake of the record, how do you operate the tubes?

Mr. EMERSON. The contracting companies, for an amount of \$17,000 a mile furnished the equipment and furnished all of the power and furnished all of the labor for the tubes.

The CHAIRMAN. And the mail was delivered to the company?

Mr. EMERSON. The mail was put into the pneumatic tube carriers by the post office employees, and the carriers were handled by the employees of the company and transmitted, and when the carrier arrived at the destination the mail was dumped from the carrier by an employee of the company so that it could be handled by the employee of the Post Office Department. In other words, the employees of the companies never handled the mail.

The CHAIRMAN. Were you under contract to keep the tubes in proper working order?

Mr. EMERSON. Yes, sir; every expense that had to do with the tube service was borne by the contractor.

Senator PHIPPS. How many hours a day did you engage the work?

Mr. EMERSON. Twenty hours a day. At that time, according to the records of the Post Office Department, they were carrying 24,000,000 letters every day, or 25 per cent of all the letter mail of the country, and the cost of carrying by pneumatic tubes was roughly 100 letters for 1 cent.

Now, on June 30, 1918, the tubes which had been the companies' property were not earning any money; the companies, of course, had to take a common-sense view of the situation, and without any orders from the Post Office Department at all they immediately took out every bit of apparatus, or started to take it out; it took sometime to get it out; we were in 46 post offices; we had apparatus, receiving and dispatching apparatus on the working room floors of 46 post offices and some 96 sets of machinery, as I recollect. We took that machinery out of the way just as quick as we could, because naturally, anything that was on the workroom floor of the post office not being used was space the Post Office Department would want to use. We started to take it out without being asked. In other words, we tried to cooperate in every way we could.

Now, what is left in these post offices is, first, the piping and the tube, which is in the basement, on the ceiling—in cases where it is in

the workroom, it is on the ceilings, but for the most part it is in the basement, underneath the workroom floors. What was left was the power plants, the big heavy compressing machinery, that pumps the air that forces the carriers through the tubes; this compressing machinery is driven by motors or steam engines, as the case might be. Now, in every instance this compressing machinery was in basements out of the way of the Post Office Department. The machinery itself is, of course, the very heart of the pneumatic-tube system. If the compressing machinery is taken out, it not only will cost a great deal of money to take it out, something over \$1,000 a unit, and taking it out means a far greater expense to put it back, and it has to be stored, and if it is taken out it practically breaks up the entire system.

The CHAIRMAN. Do you know whether or not the department has been obliged to rent additional space because of the occupation of post-office space at the present time by mail tubes?

Mr. EMERSON. I do not think I know, Mr. Chairman, of any instance where that is so. The post office is a great deal like a store in most cases, and a store always has its basement, and in this basement, in some out of the way corner, was where the power plant was put.

The CHAIRMAN. Has your company ever suggested to the department or the Government it was willing to pay for rent of space, if it was necessary for the Government?

Mr. EMERSON. No; we have never made that suggestion.

The CHAIRMAN. Did you operate these tubes over a period at your own expense, after the Postmaster General had ordered the tubes out?

Mr. EMERSON. No; we did not. I might say as to the location of the machinery, the Post Office Department sent us a general letter some three or four months ago, that all of this tube and heavy power machinery must be taken out immediately. They neglected to send us one at St. Louis. About a month later we got a letter from the Postmaster General saying that in St. Louis, the post office needed the space where the machinery was—that was the form they used in every case—and that we must take out the machinery. I mention that to show—perhaps St. Louis is an exceptional case—but in St. Louis where the post office is in the Sub-Treasury Building, we have our power machinery in the sub-basement, thirty feet below the street level, the Post Office Department has never used the space, and I doubt if they have ever really seen it. The Post Office Department does not even use the sub-basement, and I do not think the Post Office Department knew it was there until somebody told them a month or two after they wrote the other letters, and then they came around and told us that they must have the space in the sub-basement in the Sub-Treasury for Post Office purposes. Now, that, it really seems to me, is the smallest kind of a transaction. This machinery is in nobody's way.

The CHAIRMAN. What is your real object in asking Congress to permit it to remain?

Mr. EMERSON. We have every expectation that as time goes on conditions will show that pneumatic tubes are necessary.

We have here, and I would like to put them in as an exhibit—they may be interesting to you—some tests that were taken at different times while the pneumatic tubes were in operation. We would send test letters to test out the operation of the tube service and the length of time it took letters to reach their destinations. Such

tests, of course, are not always correct; different letters will go astray; but a series of tests over different periods, and an average of those, ought to mean something. Taking tests of those letters that were sent before the tubes were taken out and then making subsequent tests, we have made some comparisons; they show very graphically the length of time it took mail to reach its destination while the tubes were in operation and the length of time it has taken since.

I do not wish to imply, of course, that all of the delay since that time has been due to taking out the tubes, because there have been other factors which come in, but looking at the question roughly, during the 10 or 15 years that we had the pneumatic tubes, and particularly during the last 6 or 7 years, when the pneumatic tubes were most efficient, we expected, in the tube zone, a special-delivery letter to be delivered within one hour after being posted. We arrived at that from these tests. We expected an ordinary 2-cent letter to be delivered within three hours.

Now, without pneumatic tubes, the time for delivery of mail has gone up on a special-delivery letter to a minimum—or average, perhaps—of about three hours, and on first-class mail it is pretty hard to say what it has gone up to. In Chicago, for example, when the pneumatic tubes were in operation you could post—the last carrier delivery from Chicago Avenue, as I remember it, was at 3 o'clock in the afternoon. You could mail a letter at the stockyards, some 6 or 7 miles away, perhaps 15 minutes before that time and the letter would go by pneumatic tubes and make connection and be delivered. Now, to send across the same district—in other words, to send from one side of Chicago to another, and that is true of most cities—it takes as long as it does to go to New York; takes, as a rule, from one side of the city to the other 24 hours.

Now, as I said, I do not mean to say that pneumatic tubes were wholly responsible for quick delivery, and that the abolition of pneumatic tubes has been responsible for the delay in delivery, because there are other factors that have come in, but the pneumatic tubes were a very great factor in speeding up delivery, because the letters could be sent in 8 or 10 seconds from where they were received to where they were delivered.

Now, another point I want to make is that under the law, if the Postmaster General does not need the space the machinery can stay. The law says so. That was not so in 1900. In 1900, when the tubes were out of service, there was no provision in the law by which the machinery could stay in position, but the Post Office Department at that time was favorable; they wanted the machinery to stay, because they wanted the tubes to start up again, and so the machinery was permitted to stay there, and when new contracts were made from 1902 to 1906, and again from 1906 to 1916, a special provision was inserted in the contracts to the effect that in case Congress would not appropriate for the tube service for some one year, which was always a possibility, that the machinery should stay there. Now, this machinery that has been left is not, to my mind, in any circumstance, in the way of the Post Office Department. If it is, we will take it out, but where it is not in the way of the Post Office Department, and where these tubes are on the ceilings, and up out of the way, it simply means ruination to the company if they are taken out, because it practically means the tubes can not be reestablished without a great

deal of time being wasted and without a tremendous amount of expense, and of course we have every expectation, not only based upon our own opinions, but based upon the reports of every commission in the past, including the congressional committee, with its expert engineers—we have every expectation that the tubes are coming back, because they have merit.

Now, I have covered things very fast, but if there are any questions you gentlemen have to ask me, I will be very glad to answer them.

The CHAIRMAN. I think you have done very well. I do not think there is any question I want to ask. I have been over this thing a great many times. Have any of the other members of the committee any questions?

Is there anything further on this subject that anybody wants to say which will add anything to that which has already been said?

The CHAIRMAN. Well, is there anyone else here who has anything to say about the tunnel?

**STATEMENT OF MR. GEORGE J. MURRAY, GENERAL MANAGER OF THE AMERICAN PNEUMATIC SERVICE CO.**

Mr. MURRAY. My name is George J. Murray, representing the American Pneumatic Service Co.; connected with its operating division over 20 years.

In connection with the tunnel proposition, Mr. Emerson has suggested a new thought relative to the mail relief, and that is it is possible to use the New York connecting railroad from One hundred and forty-ninth Street across Hell Gate Bridge through the Shady Side yards of the Pennsylvania Railroad, through the Pennsylvania tunnels into the Pennsylvania Terminal. Same on the return route. The cost of effecting connection there on the bridge would be about \$8,000 as against an expense of \$2,000,000 asked by the Post Office Department.

The CHAIRMAN. Has anyone else anything to say about this tunnel?

**STATEMENT OF MR. G. W. B. HICKS, REPRESENTING THE PHILADELPHIA CHAMBER OF COMMERCE.**

Mr. HICKS. My name is G. W. B. Hicks, representing the Philadelphia Chamber of Commerce, formerly superintendent of the pneumatic-tube service at the time it was applied practically to the handling of the United States mail, personally having studied all of the schedules required, and it is upon that authority and experience that I want to just make one brief reference to the tunnels, if you will bear with me.

Cities grow rapidly nowadays. It is very frequently the case where they remove either terminals belonging to the Government, if you please, or the railroads, from one section of the city to the other. We are now clamoring for a new post office in Philadelphia, and it certainly will not go on the foundations of the old one, I hope.

A tunnel is practical from an engineering standpoint, and would enable a great deal of use of either terminals, but it is imprudent to build unless you have definitely settled for a time to come on both terminals. Do you catch my point?

The CHAIRMAN. I do.

Mr. HICKS. As far as the task of the size of the pneumatic tube is concerned, the 8-inch size, that is the size for the Government, because of the pigeonholes in the cases at the post office where, between spells, a man grabs his handful—that is what constitutes the transmission of the mail, a handful of mail by the caser; he can not handle a room full on account of the size of the mail. He puts up there a box: his handful is only made up of small parcels or one piece of mail. He cases about 34 a minute, and for his convenience he grabs that pigeonhole contents, ties a string around it, and throws it down, and there is where the 8-inch tube comes in, because it will take at least 20 of those bundles—I think 20. I have forgotten that exactly. I did not come here to speak of it technically, but this is only from past experience, because I started from A and went to Z in the pneumatic-tube handling service, all the way from Postmaster General Smith down, and I represent Mr. Wanamaker here this morning, as well as Mayor Moore, of Philadelphia, because Mr. Wanamaker called the Philadelphia Chamber of Commerce, and the New York Commerce Association called us up yesterday and asked us to send someone down here, and they sent me, now that I am interested with the chamber of commerce.

Briefly referring back, your bundle of mail can be thrown readily into an 8-inch carrier, and the principle of mail is to get it from the person who writes the individual letter, sealed in an individual parcel—the only means of conveying a private communication from the sender to the person receiving is the United States mail. You can not do it by telegram, by telephone or anything else, unless it is sealed. If that is the case, let's keep it as much as possible separated from bundles. For convenience, it accumulates in the boxes on the street corners. Then, for convenience it accumulates in a bag on a wagon, and then for convenience it is upset and all turned out again, and the individual letter selected out again, and then for convenience it is tied up, and then for convenience put back in the bag, and then for convenience thrown out on another table and the individual letter sorted out, and then for convenience sent over to the postman, who arranges them so that he can see each individual name on each individual package, and the only means of transmission between the person sending and the person receiving, private transmission, is the Government mail, and in my judgment the nearer we can get it from one to the other without interruption the better, and this 8-inch tube will speed up the handling and the bundling and the pigeon-holing that has to be done in order to perform the service.

Now, I know nothing about the price of pneumatic tubes, but I do implore, in behalf of the citizens and merchants, that you restore the Pneumatic tube service in Philadelphia, and from my experience in other cities, for the benefit of the business man, and when it comes to space saving, that has been referred to, by taking these lines out, if you will go to Philadelphia and find where Mr. Burleson has rented acres of floor space out at West Philadelphia for automobile garages, and then find out how much of your first-class mail is being held back until the parcel post is put into the same wagon, so that it can come along at that rate—and I think this, too; if you will investigate carefully and find out how much first-class mail is charged up with parcel post expense, then I think you will save a great deal more money

than the pneumatic tube costs for installing, and it will give you a service that no automobile service can give.

The CHAIRMAN. Are you interested financially in any pneumatic tube company?

Mr. HICKS. Absolutely not, and never was, and I am glad of it, under the present conditions.

The CHAIRMAN. Has anyone else anything to say about this tunnel?

#### STATEMENT OF MR. E. R. SUTTON.

Mr. SUTTON. My name is E. R. Sutton, of New York.

I think Mr. Milholland and Mr. Emerson are in error in thinking that the tunnel is proposed to connect the depots of these railroad systems. All the plans provide for connecting post offices, just as pneumatic tubes now connect the post offices. The terminals, as laid out by the Army engineers, are under the post offices and they have no physical connection with the railroads.

One other point that I wish to make in favor of the tunnel is that whereas I do not think it is contended that the tunnel will make any great depreciation in traffic, it will, however, take off of the streets of the most congested section of New York between 280 and 300 truck trips per day. That will make some difference, but there are so many thousands of vehicles on streets there it will hardly be noticed. The advantage of the tunnel will be it will enable the mail to escape that congestion. It has that advantage, and it does, in a limited degree, minimize the traffic congestion.

The CHAIRMAN. How long do you anticipate it will take to construct that tunnel that the engineers have recommended?

Mr. SUTTON. Six months after the work is ready to begin.

The CHAIRMAN. How long will it take to begin the work?

Mr. SUTTON. Well, it will probably take several months' time, I should say. In other words, Mr. James F. O'Rourke, who is a very successful builder of subways, and the Rapid Transit Subway Construction Co., which has constructed nearly all of the passenger subways in New York—independently these two concerns will bid probably, if they have a chance, for the construction of the tunnel, under a limitation requiring it to be built in six months' time after they are ready to begin work. The preliminary time will depend upon the time you require for advertising and that sort of thing.

The CHAIRMAN. Well, do you agree with the Postmaster General that there is no immediate necessity for this tunnel, but in the course of three years, I think he put it, there would possibly be a need, if the business is increased during the intervening time as it has been in the past few years, at that time there will be an immediate need for this tunnel? Now, if he is correct about it, then the needs of the Government could be met two years from now as well as at the present time, if you can construct it within eight months, considering it would take two months to get ready, and then if Congress in this emergency time should conclude that the department could get along without any material embarrassment, do you not think it would be wise for the Congress to wait a couple of years before it enacts this legislation?

Mr. SUTTON. I did not know that that was the department's attitude. I have for some years been studying methods for handling mail in New York, with the post-office people, and I know that

locally the post-office people deem the tunnel a necessity right now. They have something like 20,000 pouches and sacks daily passing between these two stations and they have a very limited platform space at the Grand Central and also at the Pennsylvania.

**Senator PHIPPS.** Mr. Sutton, I do not understand your status. Whom do you represent?

**Mr. SUTTON.** I represent the Electric Transport Co. My company made some plans and submitted them to the department as to the practicability of this mail tunnel.

**Senator PHIPPS.** Is your company in the contract business? I mean, that it could undertake the erection or construction of work of this character, or merely to make the plans?

**Mr. SUTTON.** By association with contractors; my company would not expect to have anything to do with the excavation of this tunnel.

**Senator PHIPPS.** Now, can you tell us what work of a similar character you have furnished plans for in the past?

**Mr. SUTTON.** We have furnished plans to the British post office for the London tunnel. Those two are the only post-office tunnel projects that are active that I know anything about.

**Senator PHIPPS.** What are the dimensions of the British tunnel?

**Mr. SUTTON.** The British tunnel is 9 feet 6 inches in diameter, excepting at stations, where it is larger.

**Senator PHIPPS.** How long has your company been in operation?

**Mr. SUTTON.** Why, we made a showing, as appears there, in 1913 to a committee that was sent there by the Post Office Department. We have been working on this tunnel matter and other matters of similar nature ever since then.

**Senator PHIPPS.** What I was trying to develop is the experience of your company in the business of handling work of a similar character to this proposed by the Post Office Department in the city of New York.

**Mr. SUTTON.** I will say this: That we retained Stillwell & Putnam, who are perhaps the best qualified engineers in New York City on tunnel construction, they having been consulting engineers for all of the larger subway work that has been done there for the B. R. & T. and the Interborough and the Hudson and Manhattan, the McAdoo tubes. We retained them to make a study of this entire post-office problem, and they prepared the reports which we submitted to the department.

When this board of Army engineers came over there, they brought their report down to date, and we submitted that to them, and they went into it very thoroughly. We have had the benefit of their experience and experienced contractors who have been engaged in that kind of work.

**Senator HENDERSON.** Were your plans that you submitted to the British Government accepted?

**Mr. SUTTON.** No. The British Post Office has not authorized contracts for the equipment. We have a formal letter from the chief engineer of the British Post Office stating we will be invited to submit figures when they proceed, but the British Post Office want the benefit of the experience of the American Post Office before letting contracts for the equipment.

**Senator HENDERSON.** On what data did you base your recommendation that the suitable size for New York use would be 8 feet by 15 feet? Or was that your recommendation?

Mr. SUTTON. No; our recommendation that a circular tunnel 12 feet in diameter would be sufficient. I think that would be sufficient for 50 years to come.

Senator PHIPPS. A circular tunnel, you mean, connecting up the main post office with the branch post offices and the railway terminals?

Mr. SUTTON. No; just between the Grand Central and the Pennsylvania. That is all we have ever figured on; a circular tunnel 12 feet in diameter carrying cars 3 feet 10 inches wide and 8 feet 10 inches long and about 4 feet high would handle a maximum of 15,000 tons a day. To-day there is only about 1,000 tons a day moving between those two stations, so I think that size would be sufficient.

The Army engineers recommended a larger tunnel. Stillwell & Putnam have recommended a tunnel 12 feet wide and 7 feet high as sufficient.

Senator PHIPPS. Well, your present statement that what you have figured on is a circular tunnel connecting the two railway terminals, now, agrees with my recollection of the testimony before this committee of the Fourth Assistant Postmaster General, and is not in accord with your first statement, as I understood it, that it is not the purpose to connect the two railway terminals, but to connect the post offices.

Mr. SUTTON. That is my understanding. If I have said otherwise, I was in error. I have never had anything to do with plans in New York that contemplated anything other than connecting the terminal post offices, or terminal stations, the post office stations.

Senator PHIPPS. Now, just where are those located by streets, the streets and avenues; let us get the exact geographical situation of these points.

Mr. SUTTON. The Grand Central Post office consists of two buildings that face one another across Forty-fifth Street on the west side, and adjacent to Lexington Avenue.

The Pennsylvania post office fronts on Eighth Avenue between Thirty-first and Thirty-third Streets.

Senator PHIPPS. Now, what data were you given on which to form your opinion of a suitable diameter of the bore as to mail to be handled? You spoke, I think, of a matter of 280 truck loads a day - If that is the problem we have to consider, Mr. Chairman, it seems to me we are wasting time; it is too infinitesimal to talk about.

The CHAIRMAN. That is, so far as surface transportation is concerned.

Senator PHIPPS. Now, is that the data that was given you, that 280 truck loads of mail were transported between these two terminals post offices?

Mr. SUTTON. No; the data that we had we collected ourselves, with the assistance of the Post Office Department. They appointed an inspector, Mr. McQuillen, and made a count of all of the mail that passed between those two points.

Senator PHIPPS. The total will be sufficient, I think.

Mr. SUTTON. The average per day for February, 1918, was 17,98 pouches and sacks per day.

Senator PHIPPS. That was two years ago?

Mr. SUTTON. Two years ago, yes.

Senator PHIPPS. That would be both ways?

Mr. SUTTON. Both ways.

Senator PHIPPS. Do you know what that would be, translated into truck loads, what the capacity of their auto trucks is?

Mr. SUTTON. No; I do not. I know that Mr. Koons, in his statement before the House committee, stated there were 267 truck trips per day between those two stations. The volume in the last two years has increased so there is something over 20,000 pouches and sacks now passing between the two stations both ways.

Senator PHIPPS. I think that is all the information I desire from this witness, Mr. Chairman.

The CHAIRMAN. All right. Have you anything further you desire to say in behalf of the tunnel proposition?

Senator PHIPPS. I suggest if he has anything further to submit he submit it for the record, in order to save time.

The CHAIRMAN. Well, if you have some particular point you want to emphasize, the committee will be glad to hear you, but we would like to have all of this data submitted for the record, and not any more of that than is necessary.

SENATOR PHIPPS. Now, have you those figures?

Mr. SUTTON. We have those figures; yes, sir. Do you want more than the total?

Mr. SUTTON. Well, I think I can put on two or three pages all I have, but I want to say to the committee the tunnel would save approximately \$200,000 a year—the cost of handling it by tunnel would be at least \$200,000 a year less than the cost of handling it by the present methods. The mail now comes in underground, and it goes out underground, so that there will be no need of bringing it to the surface; the tunnel would handle it all underground without it ever coming to the surface, and at the Grand Central there is now already constructed—was constructed at the time the foundations of those buildings were laid—a tunnel 30 feet wide and 8 feet high and 600 feet long, which goes under all of the railroad tracks; it is there in existence, and that could serve admirably—it is built for this purpose; it is marked on the original plans, "mail tunnel," the architect having foresight to provide for just such an emergency as this before the plans were even discussed. It is there already prepared.

The CHAIRMAN. It was computed in making the estimate of Stilwell & Co., and whoever it was, in their bids for the proposition?

Mr. SUTTON. Yes.

The CHAIRMAN. So that does not reduce the estimated cost that you made?

Mr. SUTTON. Except that the Stilwell estimate is for \$1,788,000; It is somewhat less than the Army engineers' estimate.

The CHAIRMAN. That was for the smaller tunnel?

Mr. SUTTON. Smaller sized tunnel.

I did not quite answer a question you asked before your recess. One of the reasons for constructing this tunnel now, if it is to be constructed, is that the New York Central is now proceeding to erect a new building at Forty-fifth Street, between the Post Office Building and the Commodore Hotel. They are at work on that now, and their engineers say if you want this tunnel it would save a large amount of money to have this work done simultaneously, when they do their work. The plans provide for giving the Grand Central about 10,000 square feet of additional space and giving the Pennsylvania about 10,000 additional square feet of space. Now, proceed-

ing with that when they are excavating for their building, it could be done, of course, cheaper than after the buildings are in.

The CHAIRMAN. All right, Mr. Sutton. Has anyone else anything to say about this tunnel?

WASHINGTON, D. C., February 7, 1920.

Hon CHARLES E. TOWNSEND,

*Chairman Senate Committee on Post Offices and Post Roads,*

*Washington, D. C.*

MY DEAR SENATOR: Availing myself of the opportunity afforded by your committee, I submit the following:

The advocates of the tunnel, knowing that your committee will give due consideration to the responsible data which has been officially laid before you by the Postmaster General, have concluded not to ask for special hearings, although many persons and interests would like to be heard.

The advantages of tunnel service are summarized in the attached editorial of the New York World, to which your attention is requested.

In addition to the advantages therein referred to, the lesser cost of tunnel operation, as compared with vehicular operation, should appeal to those who believe in increasing efficiency and in decreasing expenditures.

Existing schedules call for 280 regular truck trips daily between the Grand Central and Pennsylvania post offices. Counting the extra trips, which are frequently required during holiday and rush seasons, would raise the average number of trips to approximately 290 per day, making a total of 105,850 trips per year. As a result of personal studies, I am convinced that the wages of chauffeurs, plus the cost of gasoline, to make these trips practically every ve minutes during the night as well as the day, can not total less than \$70,000 per year.

The cost of platform labor to load and unload 105,850 mail trucks (counting loading and unloading as a single operation), must necessarily cost about \$157,775 per year.

The loading and unloading platform space which would be saved to the department where it is most needed has a rental value of approximately \$40,000 per year; cost of vehicular service, \$267,775 per year.

NOTE.—No account has been taken of the first cost of auto trucks nor of interest on the investment nor of maintenance charges (which probably exceed 30 per cent) nor of the incidental cost of elevating or lowering the mails from and to the loading and unloading platforms on the surface—these costs being treated as an offset to the fact that interest has not been included as a part of the annual cost of tunnel operation.

The cos of tunnel operation, estimated on the basis of peak-load conditions, including the labor required to transfer the wheeled crates without breaking bulk (3 men, at \$2,000 and 12 at \$1,800), including also adequate maintenance charges, cost of power and everything but interest, totals (according to Stillwell & Putnam), \$68,891 per year. Hence tunnel service would effect a saving of \$198,884 per year.

(These figures do not check exactly with those submitted during the House hearings last July, the reason being that conditions have changed somewhat and greater care has been recently taken to ascertain actual costs.)

The basis used for estimating costs of vehicular service was obtained from the local New York postal employees having charge of the service. The cost of tunnel operation was based upon actual data obtained during the operation of full-size plant at Paterson, N. J., and in a coal mine, and workability would be responsibly guaranteed. The same data was used by the engineers of the public service commission and by the engineers of the Continuous Transit Securities Co. as a basis for estimating the cost of operating a moving platform under Forty-second Street.

Tunnel service in New York City has been recommended—

1. By a commission of postal experts appointed by ex-Postmaster General Hitchcock December 11, 1912.
2. By Postmaster General Burleson as an economical means of increasing the efficiency of the service.
3. By the unanimous report of the House Committee on Post Offices and Post Roads of the Sixty-fifth Congress.
4. By the local officials of the New York City post office.
5. By the Pennsylvania and New York Central Railroad Cos.

6. By a board of distinguished Army engineers, especially commissioned by the Secretary of War, to report on the practicability and cost of the tunnel. Their investigations included terminal and conveyer possibilities within the terminal post offices.

Some of the reasons in favor of the immediate authorization of the tunnel are as follows:

(A) If tunnel service be deemed advantageous over vehicular service, the benefits of the advantages should be secured as soon as practicable.

(B) If the Postal Service were a private enterprise, a board of directors would promptly authorize the construction of the tunnel.

(C) While the tunnel could be constructed within six or eight months after the completion of all preliminary formalities, it would probably take six or eight months to obtain franchises, detail plans, and to secure proposals on advertisements. Due to the inertia incident to governmental undertakings, 18 months would probably elapse before the tunnel could be turned over in complete operating condition, and this would require rather prompt cooperation all along the line.

(D) It would seem like false economy to postpone action, when (as shown in the report of the Army engineers) the New York Central is now completing final plans for the erection of the building to be occupied, in part, by the post office, since under this building, on a level with the existing post office trucking subway, the tunnel terminal has been located. An advantageous location can not be secured elsewhere, and the construction estimates will have to be greatly increased if tunnel terminal should not be provided for as a part of the excavation work which will presently be started.

(E) It would seem like true economy to authorize the tunnel at a time when it is plainly needed, when it will save about \$200,000 a year, and when it can be contracted for at a minimum cost before changing conditions render it physically more expensive and difficult.

Respectfully submitted.

E. R. SUTTON.

#### STATEMENT OF MR. W. R. HOLLAND, REPRESENTING THE COLUMBIA AVENUE BUSINESS MEN'S ASSOCIATION OF PHILADELPHIA.

Mr. HOLLAND. My name is W. R. Holland; I represent the Columbia Avenue Business Men's Association, and director of the United Business Men's Association of the city of Philadelphia, representing a membership of 25,000 retail merchants.

At the time the agitation was brought forth in reference to the removal of the pneumatic tube system we protested against the removal of the system. Later on, when the agitation was brought up about the removal of the machinery, there was a resolution by our body transmitted to the Executive at Paris at the time of the peace conference, emphatically protesting against the removal of the machinery of the pneumatic tube system. I am appearing to-day to verify that protest and to plead for the renewal of the pneumatic transit tube system of Philadelphia.

The CHAIRMAN. Now, as a practical business man, will you tell us what your experience has been with the tubes and what it has been with the trucks?

Mr. HOLLAND. My personal experience with the pneumatic tube system—I was at that time located on Columbia Avenue near Station O. I could send a letter, and did send many of those letters to business houses on Dock Street at 9 o'clock in the morning and they would be received at 1 o'clock p. m. Now, when I send a letter from that station, and deposit it right in the station, it sometimes gets there at 4.30 and sometimes the next morning.

On February 4, the 4th day of this month, the cashier of a banking institution on Columbia Avenue near Broad deposited a letter at 5.30 p. m., with \$13,000 worth of checks inserted in this letter,

directed to the Federal reserve bank at Fourth and Jackson, which, accurately speaking, is 24 squares from Tenth and Columbia Avenue, and that gentleman called up the reserve bank at 3 p. m. February 5 and they had not as yet received the letter. That is positively the truth. On February 4 I was going up Broad Street in my machine on my way home about 7.30 in the evening, and at Broad and Huntingdon Streets, which is 2600 north from Market Street, there was a mail truck on Broad Street near Huntingdon loaded with mail, with no driver, no chauffeur; in fact, the machine was there by itself, on its way to the North Philadelphia Station.

I feel, as a representative business man of Philadelphia, that the transmission of the mails in our city is in a very deplorable condition, and we feel that the elimination of the pneumatic tube system has worked to the detriment of all concerned.

Now, I am connected with a business institution in Philadelphia and Germantown, and it is very rarely we receive our mail before 10 o'clock in the morning.

Now, I am not interested in any pneumatic tube companies at all; I know none of these gentlemen here except Mr. Milholland, but being connected with business organizations and fraternal organizations, I know whereof I speak, and I say it is very rarely that we receive our mail before 10 o'clock in the morning, and often after looking at the postmark we find that the postmark is from 24 to 30 hours old.

The CHAIRMAN. Was any of your mail from Germantown formerly carried by the pneumatic tubes?

Mr. HOLLAND. It would have been; yes, sir; from the Lehigh Avenue Station; Germantown route, Lehigh Avenue Station.

Now, we, as business men of the city of Philadelphia, feel that we are entitled to consideration in the question of expediting the mail transportation in the city of Philadelphia so that we can handle our business in a far better way than we can handle it now.

The CHAIRMAN. Now, make that a little more specific on the efficiency of the two services. You said a letter that could have been delivered at 1 o'clock was not delivered at 4 o'clock.

Mr. HOLLAND. From Ninth and Columbia to Front and Dock at 1 o'clock in the afternoon, four miles.

The CHAIRMAN. And those letters will be delivered at 4 o'clock in the afternoon now?

Mr. HOLLAND. And sometimes the next morning.

The CHAIRMAN. Now, are they sometimes—how does it affect the mail generally? Are those exceptional cases?

Mr. HOLLAND. Well, I will say since the mail tube has been eliminated in Philadelphia it has happened with me regularly. I have business arrangements with a gentleman at Front and Dock Streets, whereby I have occasion to mail letters to him every day from Tenth and Columbia, and since the pneumatic tube has gone out it has been a regular thing.

The CHAIRMAN. Well, do any of the letters go through with as much expedition under the truck system as they did under the tube system?

Mr. HOLLAND. Absolutely not. The congestion of our streets and our administration, which I hope is going to prove a clean administration—in fact, I know it will—I am not here talking politics, because I am not a politician, and I do not know Mr. Moore any more

than I do any one man in this room, but I have great confidence in Mr. Moore, and I believe he will be able to work out the situation to the satisfaction of all, but the congestion of our streets at the present time is worrying the administration so much we are trying to adopt a plan whereby the automobiles and all traffic will have to work in conjunction with the street car system. That is, in other words, cars going south automobiles will have to go south, and cars going north automobiles will have to go north. On Broad Street—and I have occasion to speak from experience, because I am in my machine from 9 o'clock in the morning until 5 o'clock in the afternoon every day—the conditions on Broad Street are now so that it is impossible to go along Broad Street and go at a rate of 7 miles an hour without meeting with an accident.

Now, your mail service trucks at the present time are occupying Broad Street more than any other street on the line going north and south, and a truck comes along and is held up by a traffic officer; he is held a minute or two minutes at each crossing, and that means a great deal of time from the center of the city to the North Station, from the center of Philadelphia to the north part of Philadelphia, and while your congressional committee was investigating this system in Philadelphia—and I do not want this to be a laughable matter, but they had some soft boiled eggs, boiled in a certain restaurant, they were taken to the station, inserted in one of the carriers and delivered at the North Philadelphia Station and eaten by one of the commissioners, and he said to the gentleman that was with him at the time, they were almost as good as if they were served to him off of the hotel table.

Now, that is the difference in the automobile and the tube.

The CHAIRMAN. Now, do you have any idea how many trucks are required on Broad Street, for instance, in Philadelphia, to take the place of the pneumatic tubes?

Mr. HOLLAND. I will say that I do not, but I will say that at Station O, at any hour of the day, you will find automobile mail trucks standing in front of the station from an hour to an hour and a half waiting for the mail to be gotten together, brought out in trucks on Tenth Street and put into the machine and the driver start away.

The CHAIRMAN. Are the mail trucks given any preference as to right of way?

Mr. HOLLAND. Absolutely none. They have been called repeatedly by the administration—in fact, it was taken up with the authorities as to the reckless driving of chauffeurs of the automobile trucks, and one of our judges in court warned one of them in particular that met with an accident at Tenth and Market Streets—I can not just recall the date—he was warned at that particular time that the drivers of those trucks had no more right, no more privileges than a private citizen, and if he found, in the future, there was any more accidents happening through the negligence of the drivers, he would simply mete out to them the proper punishment.

The CHAIRMAN. Have there been any investigations made to ascertain whether there have been any more accidents with the mail trucks than other trucks?

Mr. HOLLAND. That I could not answer.

The CHAIRMAN. There was some testimony in a hearing in New York some time ago that that was true.

Mr. HOLLAND. I could not answer, because I do not know, and I could not answer truthfully.

The CHAIRMAN. Anything further?

Mr. MILHOLLAND. We can offer testimony on that.

The CHAIRMAN. Does anybody know how many trucks have been required to supplant the pneumatic tubes?

Mr. MILHOLLAND. We know there has been a garage rented big enough to take care of 200 trucks.

The CHAIRMAN. I suppose the Government trucks handle other mail than that carried through the tubes?

Mr. MILHOLLAND. Yes.

Mr. HICKS. May I bring up a point as to the difference between automobile use and tube use? I can give you one or two to illustrate.

North Philadelphia Station is, of course, in the northern part of the city of Philadelphia, and the post office is in the center of the city, toward Ninth and Market. The westbound trains, the last to leave for Chicago, which will deliver a mail to-morrow, leaves about 4.40. Now, to get your mail there on a truck you have to leave about three-quarters of an hour before the last carrier leaves, so that all of the letters that come in in that last three-quarters of an hour will arrive at the Philadelphia post office only a few minutes late, but a whole day late in Chicago. In addition to that, when we had the pneumatic-tube service, our commercial exchange could close at 3 o'clock on the floor of the bourse and send their quotations out and catch the 3.12 train for the seed men and the various merchants down in Delaware and Maryland, which they can not do to-day under any circumstances.

Now, that is the way they have been handicapped.

Some short while ago there were some circulars sent out by the Post Office Department to find out whether they were suffering, and it was such an absurd thing that business men did not answer them at all. The idea of the Post Office Department looking for trouble. Everybody knows that the Post Office Department is like everybody else; they are up against it; they are now, in many respects, and they certainly can not substitute an automobile when I say to you that the superintendent on the floor of the post office calls for every bit of mail to be locked about three-quarters of an hour before the train departs, and with the pneumatic tube service in they were locked at 10 minutes before the train departed, and they got the advantage of 30 minutes out of the 45 in their dispatch during the entire day, and they advanced over 150,000 pieces of mail, and so far as the actual cost is concerned I think the testimony will show there was something like \$500 a day interest lost by the banks in Philadelphia on the difference between the clearing house transactions on account of that fact.

The CHAIRMAN. I want to put in the record a couple of telegrams I have received on this subject from Chicago and Boston from business concerns on this subject.

(The telegrams referred to are here printed in full as follows:)

BOSTON, MASS., February 5, 1920.

CHARLES E. TOWNSEND,

Chairman Senate Post Office Committee,

Washington, D. C.

The blizzard, which is now raging here, serves to emphasize the advantage of pneumatic tubes for handling first-class mail. Our chamber has always been of opinion that surface transportation of mail on our crooked, congested streets can never

give speed and service approximating that furnished by pneumatic tubes. Our business men have never been reconciled to their discontinuance. Speaking on behalf of business men of Boston, we urge your committee to restore pneumatic-tube service.

BOSTON CHAMBER OF COMMERCE.

CHICAGO, ILL., February 5, 1920.

Hon. CHARLES E. TOWNSEND,  
Chairman Senate Post Office Committee,  
Washington, D. C.

DEAR SIR: The North Central District Business Association stands in the same position regarding the pneumatic tube service for United States mails as it did when we testified before the Senate committee of which Senator Bankhead was chairman. We want the pneumatic tube service resumed to our own postal district as well as all other districts in Chicago.

NORTH CENTRAL DISTRICT BUSINESS MEN'S ASSOCIATION.  
F. M. BOWES, Secretary.

CHICAGO, ILL., February 6, 1920.

Hon. CHARLES E. TOWNSEND,  
Chairman Senate Post Office Committee, Washington, D. C.

DEAR SIR: The Rotary Club of Chicago appointed a committee in 1917 to investigate the pneumatic mail tube service in Chicago. This committee conducted a very thorough investigation of the entire pneumatic tube system. The report of the committee to our organization recommended continuation and extension of the pneumatic tube system, not only to the various important postal stations in the city of Chicago but also in other cities whose postal business was large enough to warrant this service. We found that the pneumatic mail tube service not only speeded up the local interchange of mail, but it facilitated the making of quicker train connections thereby benefiting not only those people who use the mail service to and from Chicago, but it speeded up the delivery of practically all first-class mail which passed through Chicago either to the east or to the west. The Rotary Club indorsed unanimously the reports made by its committee. We wish to inform you that our club stands to-day in favor of the pneumatic tube service just as much as we have in the past, and we earnestly urge your committee to give most careful and thoughtful consideration to the questions of reestablishing pneumatic tube service in the larger cities of the United States. You will find our testimony in the reports of the commission to investigate the pneumatic mail tube service of which the Hon. J. H. Bankhead, United States Senator from Alabama, was chairman.

ROTARY CLUB OF CHICAGO.  
WILLIAM E. KIER, President.

The CHAIRMAN. Is there anything further on this matter.

Mr. MILHOLLAND. You have been inquiring from time to time about how this system started. There happens to be a gentleman here who can tell you how it was started.

The CHAIRMAN. I do not believe we need that, Mr. Milholland. I think that is thoroughly understood; I do not think there is very much dispute about that proposition, as to how it started; I have never heard any dispute, and I do not think that will be considered.

Mr. EMERSON. I would very much like to put this one paragraph in the record from Stone & Webster, engineers.:

We find that unquestionably the pneumatic tubes render first-class mail certain postal service that can not be equaled by any other existing facility. On the other hand there is much first-class mail which can be transported very expeditiously and economically by motor vehicle than by tube. The best service can undoubtedly be obtained by the combined use of the tube instrumentalities.

That is in a report to the congressional committee. I think that is the position of the tube companies; it is a common-sense position.

The CHAIRMAN. Very well; that will be all for to-day.

(Thereupon at 1 o'clock p. m., the committee adjourned.)



# POST OFFICE APPROPRIATION BILL, 1921.

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SATURDAY, FEBRUARY 7, 1920.

UNITED STATES SENATE,  
SUBCOMMITTEE ON POST OFFICES AND POST ROADS,  
*Washington, D. C.*

The subcommittee met pursuant to call in the committee room, Capitol, at 10.30 o'clock a. m., Senator Charles E. Townsend presiding.

Present: Senators Townsend (chairman), Sterling, Phipps, and Henderson.

The CHAIRMAN. You may proceed, Mr. Blakslee.

## STATEMENT OF MR. JAMES I. BLAKSLEE, FOURTH ASSISTANT POSTMASTER GENERAL.

The CHAIRMAN. There were some questions we wanted to ask you relative to appropriations in order that the committee may understand them.

Referring to the bill affecting the Fourth Assistant Postmaster General's Office, section 1, for stationery, etc. Your recommendation at the bottom of page 59, your estimate for 1921, and the expenditures for 1919.

Mr. BLAKSLEE. Yes, sir.

The CHAIRMAN. Now, we would like to know something about the expenditures of 1920. Can you tell us anything about them? There is a year skipped between those two estimates.

Mr. BLAKSLEE. For stationery, in 1920, up to the present time, we have expended \$726,740, which does not include the work being done at the Government Printing Office, bills for which have not yet been received. We have a balance available of \$159,259.42, as of this day, out of a total of \$886,000, which was the appropriation for stationery for the year 1920.

The CHAIRMAN. Now, you have how much to run through this year?

Mr. BLAKSLEE. \$159,259.

The CHAIRMAN. You will have a deficit, then, will you?

Mr. BLAKSLEE. No, sir; all of our orders are complete—oh, there is \$115,000 deficit this year, and that is already in the deficiency appropriation bill.

The CHAIRMAN. Now, let us get that clear. How much of a deficit do you expect for the year 1920?

Mr. BLAKSLEE. \$115,000 on the stationery item.

The CHAIRMAN. I mean, on this section 1 we are talking about here. That includes all of section 1?

Mr. BLAKSLEE. Yes, sir.

The CHAIRMAN. Now, you have made an estimate of \$134,000 additional?

Mr. BLAKSLEE. Yes, sir.

The CHAIRMAN. And do you believe that will prevent a deficit next year?

Mr. BLAKSLEE. We can not be sure about that, Senator, on account of the increasing prices of paper.

The CHAIRMAN. Well, what did you base your estimate on?

Mr. BLAKSLEE. On the price existing at the time we made the estimate.

The CHAIRMAN. And when was that?

Mr. BLAKSLEE. Six months ago.

The CHAIRMAN. Well, now you know prices have increased since then?

Mr. BLAKSLEE. Yes, sir.

The CHAIRMAN. Well, are you anticipating there will be a deficit for this fiscal year appropriation we are on now that the House has passed?

Mr. BLAKSLEE. I rather think there will be.

The CHAIRMAN. But you have no way of knowing what the amount is?

Mr. BLAKSLEE. I am not sure about that until the proposals for printing and stationery are received.

The CHAIRMAN. In 1919 you had an unexpended balance of \$12,765, but this year up to date you have a deficit of \$115,000?

Mr. BLAKSLEE. Yes, sir. I might explain that I find in the memorandum made up for the purpose of informing the Committee on Appropriations of the House as to why we required that deficit, that C. O. D. tags, which were purchased last year to the number of 16,000,000, at a total cost of \$18,000, this year will number 22,000,000, and will cost \$32,000. That is one item showing the vast increase in the number of tags used as compared to what we used before, without reference to the price, and we find that on one order for tags the price was \$19,193, the price of tags having increased almost 100 per cent since the last order was placed.

The CHAIRMAN. Does more than one concern furnish tags to the Government?

Mr. BLAKSLEE. I do not think there is. That is a matter under the supervision, of course, of the purchasing agent. I testified before the Committee on Appropriations that we are handicapped quite considerably on account of our being compelled to purchase or secure a great deal of printed stationery from the Government Printing Office; also that under the system heretofore in effect, one concern, possibly located in some single point in the United States, would furnish all of the tags, and that such a system or method should be decentralized, and the department should be allowed to get much of the printing done at the point where the stationery is used.

The CHAIRMAN. You are now practically confined to the Government Printing Office?

Mr. BLAKSLEE. In stationery forms, money orders, etc., insurance and C. O. D. tags: yes, sir; and this restriction increases the expense in distribution.

The CHAIRMAN. Do you think you could obtain that cheaper from concerns with which you could deal directly, if you had that authority?

Mr. BLAKSLEE. Undoubtedly. It would be not only our ability to get the material cheaper but the cost of distribution and transportation would be materially reduced, in that, for instance, matter printed here in Washington for points west of the Mississippi River could be printed at St. Louis at practically the same cost.

The CHAIRMAN. That is, for use in the St. Louis district?

Mr. BLAKSLEE. For use in the St. Louis district, but stationery supplies have to be assembled here in our supply division from the Government Printing Office and shipped out there, and that is an expensive operation.

The CHAIRMAN. Have you ever made any recommendation on that subject?

Mr. BLAKSLEE. Yes, sir; before the Committee on Appropriations in the House who included in this last deficiency bill authority for the Postmaster General to have this matter printed at the nearest point to where it will be used.

The CHAIRMAN. Did you get authority for that?

Mr. BLAKSLEE. The committee recommended it, but it was ruled out on a point of order. The adoption of the recommendation would save thousands of dollars in our stationery and printing accounts.

The CHAIRMAN. Have you presented that matter to the Appropriations Committee of the Senate?

Mr. BLAKSLEE. No sir; we have not been called before that committee as yet. The deficiency bill passed the House only a few days ago.

The CHAIRMAN. Well, do you wait for an invitation from the committee to present your estimate on a matter of that kind?

Mr. BLAKSLEE. Oh, yes; yes, sir.

Senator PHIPPS. In your testimony before the House you referred particularly to one item, that of facing slips?

Mr. BLAKSLEE. Yes, sir.

Senator PHIPPS. It seems necessary to get the permission of the Joint Committee on Printing and Binding?

Mr. BLAKSLEE. Yes; we wanted to print our facing slips in our post offices, with our printing equipment, and to do so we would have to secure the permission of the Joint Committee on Printing and Binding.

Senator PHIPPS. Well, you do not anticipate any difficulty in getting that permission, do you?

Mr. BLAKSLEE. Unless we are restricted in the general legislation, and thus the Committee on Printing and Binding can not give us permission to have it done.

The CHAIRMAN. Mr. Blakslee, I wish you would write me, this afternoon, so I will get it Monday morning, a statement of what authority you think the department should have relative to the printing, and the obtaining of supplies for your department, including what you recommended to the Appropriations Committee of the House.

Mr. BLAKSLEE. Yes, sir.

The CHAIRMAN. So that I can submit it, if you are embarrassed in doing so, because you have not been invited, to the Committee on Appropriations of the Senate for the purpose of allowing them to consider the proposition.

Mr. BLAKSLEE. I have wondered when we would be called before the committee, but I never anticipated them in saying anything to the committee or attempting to influence the committee.

The CHAIRMAN. Well, I confess I am not clear. Suppose the committee on appropriations should authorize you to do that, does that require legislation in this bill?

Mr. BLAKSLEE. The committee on appropriations would simply authorize us to do that, so far as relates to any deficiency or the appropriation then under consideration. I doubt whether it would be called general legislation. That would apply to future printing, however, that item; I can not answer that clearly.

The CHAIRMAN. Well, I will have to find that out myself then.

Mr. BLAKSLEE. We have had, for years, trouble to secure printed facing slips to supply the needs of the service. It is a large appropriation, and many contractors look upon the large appropriations as fertile field for enterprise, because the amount of money is large, and they make a point to submit proposals. For years the Feist Printing Co. of White Haven, Pa., a small concern, where the contractor himself was the major portion of the labor employed in the printing plant, held a contract for providing facing slips for the Postal Service.

Numerous individuals bid from time to time to do this work more cheaply, and in some instances secured the contract because they underbid this particular contractor, who knew all about the requirements of the Postal Service because of his many years' experience with it, and everyone of these bidders failed to complete their contracts; everyone of them caused the Postal Service unending trouble during the period when they were in financial difficulties trying to fill their contract to supply facing slips. We tried on a number of instances to get some modification of the act, so that if such contractors did fail on delivery of necessary supply, we could print the slips at the point where they were to be used, and that is one of the reasons I feel the department ought to be permitted to meet such emergencies—they occur frequently. Even on this present contract with this Feist Printing Co., the company failed two or three months ago.

The CHAIRMAN. Who made these contracts?

Mr. BLAKSLEE. The purchasing agent makes the arrangement for all contracts. The facing-slip proposition is one that, even though the Government was compelled to pay a little more for the printing than it now pays to contractors, the department would be better off. Slips are printed according to the lists supplied by the Second Assistant Postmaster General, principally for the Railway Mail Service, and before the contract is filled—certainly before the supply is distributed—the Railway Mail Service is changed and the whole quantity of paper and printing is therefore useless, and we throw it away and print new slips that are suitable to the revised service. Trains on the railroads may be taken off or connection

altered; and a couple hundred thousand or a million facing slips are thereby rendered valueless.

So you see it would be to the advantage of the Government to print such slips, as needed at the points where used, even though it might cost a little more for printing than it would cost under contract.

The CHAIRMAN. Well, do you mean by that that the total cost, taking these emergencies into consideration, would be more?

Mr. BLAKSLEE. The total cost would be less, taking into consideration the losses and expense incident to the difficulty we have in attempting to supply facing slips under the present system.

Senator PHIPPS. And the wastage.

Mr. BLAKSLEE. And the wastage; yes; that is abnormal. We ought to supply facing slips in runs, so there would not be any necessity for clerks to spend time or incur expense in preparing them. That is what we ought to do.

The CHAIRMAN. Section 2, for miscellaneous equipment and supplies, including the purchase and repair of furniture, package boxes, posts, trucks, baskets, satchels, straps, letter-box paint, and so on. Now, the House has combined two provisions in the existing law. The postmarking, rating, and money orders, which were carried in a separate provision last year, have been combined with the miscellaneous equipment.

Mr. BLAKSLEE. That is all miscellaneous equipment, and through the combination of items the department is enabled to reduce the estimate for the total amount of the two separate appropriations, in that there is usually an unexpended balance in any appropriation, which is a sort of factor of safety on all estimates that are made. It is safe to calculate the estimated expenditure when combined, using but the single balance that previously appeared as a factor of safety, instead of the combined balances, and in this way reduce the total estimates.

The CHAIRMAN. I see your request is \$18,000 less than the appropriation.

Mr. BLAKSLEE. Yes, sir.

Senator PHIPPS. But in 1919 your actual expenditures for the two items were \$595,000, in round figures, and in 1920 you have an appropriation of \$855,000, which was the amount of your estimates.

Mr. BLAKSLEE. Combined appropriation?

Senator PHIPPS. Combined appropriations.

Mr. BLAKSLEE. There were two appropriations combined then.

Senator PHIPPS. \$855,000. You now say you can get through with \$837,000?

Mr. BLAKSLEE. Yes, sir.

Senator PHIPPS. Do you know how you are coming out on your appropriation this year? Have you your figures for the 1st of January, say?

Mr. BLAKSLEE. Office appliances, we have \$134,574 left at this time.

Senator PHIPPS. That is, as of January 1?

Mr. BLAKSLEE. February 1.

Senator PHIPPS. Why, then, even with that large increase you are not likely to get through on your appropriation for 1920?

Mr. BLAKSLEE. Yes; we will get through on that.

Senator PHIPPS. You will get through on that, will you?

Mr. BLAKSLEE. Yes, sir; we will get through with that easily.

The CHAIRMAN. You do not expect any deficiency in the item for wrapping twine and tying devices, \$598,000, section 3?

Mr. BLAKSLEE. That is a very simple proposition, if Senators understand how contracts are made for twine in the Postal Service. Estimates for appropriations are made before the 1st of July in each year, and the contract is not let until November. Prices of twine submitted prior to the 1st of July are generally altered before the 1st of November. We attempt to decide about what the price will be on the 1st of November, but we fail to do so 9 times out of 10. This year the variations in price are abnormal. The lowest bid that we will receive will not be less than 27 cents a pound, and, as we use 2,100,000 pounds of twine in the service annually, calculated at 27 cents per pound, would amount to \$580,000 or thereabouts. The price of jute twine such as we use has increased rapidly. We learned this when the War Department opened proposals for twine and the prices were very high; higher, even, than what we have herein estimated. We may, therefore, appear before the Committee on Appropriations for a deficiency next year, although we are going to make a very desperate effort to keep within the amount appropriated.

Senator PHIPPS. Mr. Blakslee, I notice in your statement here you give the figures for the year 1920. That means that you have contracted for your full supply for this present fiscal year, I take it?

Mr. BLAKSLEE. Yes; we have now.

Senator PHIPPS. You have an appropriation of \$560,000, and you show expenditures for the year 1920 of \$477,000?

Mr. BLAKSLEE. But we have asked for a deficiency on twine this year, I think, of \$31,000.

Senator PHIPPS. Then, the \$477,000 is not the total expenditure?

Mr. BLAKSLEE. No, sir; we will spend \$31,000 additional; we had to request a deficiency appropriation because the price of twine had increased between the period when we made our estimates last year or when the bill was passed, July 7, last year, and the date when we made our contract, November 1. We did not use a pound more of twine than we did the year before. In fact, we have reduced the quantity of twine every year since I have been in Washington.

Senator PHIPPS. There may be a misprint here. I notice the figures given in the first column, \$477,035.17, expended for 1919, and it is expended in the column over here as 1920 expenditures.

Mr. BLAKSLEE. Well, 1920, \$477,000.

Senator HENDERSON. Well, in the first column it is under expenditures of 1919, and over to the right it is 1920.

Mr. BLAKSLEE. The appropriation was \$560,000, and we have expended \$477,000, or had at the time of the estimate. The expenditure is the amount we expended in 1919, but the appropriation amounts to \$560,000, and we were compelled to secure \$30,000 for deficiency, making \$590,000 total appropriation this year—1920.

The CHAIRMAN. Well, Senator Phipps calls attention to page 62, on the right-hand column; your expenditures for 1920 are \$447,035.17, which is exactly—

Mr. BLAKSLEE. That is not correct. That was the expenditure for 1919 that was entered in that column; expenditures were \$447,035. I will give you the expenditures for 1920.

**The CHAIRMAN.** Just above that you show the expenditures for 1919 were \$465,861.

**Mr. BLAKSLEE.** I will give you the amount of that in just a moment. Here is a memorandum as of December, 1919. That may be entered in the record. That shows exactly what the expenditures were as of that date.

Cost of twine already purchased, \$468,641.71.

Cost of twine to be purchased, \$122,947.

**Total of \$591,588.71.** That will be the amount that we will expend this fiscal year—1920.

We have expended as of December, 1919, \$468,641.71. This entry here must refer to the 1919 expenditures and not to the 1920 expenditures. The appropriation for this year was \$560,000; at the end of the year we will have a deficit of \$31,588.71, for which we have asked for a deficiency appropriation, and that has been granted by the House and is now before the Appropriations Committee of the Senate.

**The CHAIRMAN.** You have made contracts for the balance of 1920?

**Mr. BLAKSLEE.** Yes, sir; that is correct, up until the 1st of November, 1920. You see, we make those usually on the 1st of November in each year, and our appropriation is made available on the 1st of July. That is the reason we can not be absolutely accurate on the twine and tying devices in a year. Some years we will be higher and some years we will be lower, because of this peculiar way in which we must contract. You can not contract for future periods of the year on account of the supply of jute twine, which comes in from India and is controlled by two or three concerns in the United States—in fact, one concern, the Jute Trust; it is all the same thing, the price is about the same with all of them; it does not vary a cent a pound with all of the competitors, and consequently we made our contract on the 1st of November with whatever source of supply is available.

**The CHAIRMAN.** Well, you have authority to make a contract, for instance, from November to November, which extends beyond the fiscal year for which the appropriation is made.

**Mr. BLAKSLEE.** The appropriation is made for the fiscal year and the contract is supposed to be completed within the fiscal year. That is, the supply is supposed to be furnished within the fiscal year. The contractor makes his contract for the supply to be delivered by November 1.

**The CHAIRMAN.** Will there be any portion of your contract that will not be delivered by June 30, 1920?

**Mr. BLAKSLEE.** Generally we have to store in the contractor's warehouse some twine that we will need before the 1st of July in each year and which we have no contract for and no appropriation to pay for, but it is stored there to meet our requirements pending the passage of the appropriation. We are always run to the 1st of July with an extremely limited supply of twine.

**The CHAIRMAN.** Now, let me put this question to you again, so you will get my idea.

You made a contract last November for twine to be supplied within the fiscal year 1920, which would end June 30?

**Mr. BLAKSLEE.** Yes, sir.

The CHAIRMAN. But it ran until November. Now, was all of the twine which you contracted for last November delivered prior to June 30?

Mr. BLAKSLEE. I think that is true. All that we would get within the appropriation was delivered before the 1st of July; yes, sir.

The CHAIRMAN. Now, section 5, for rental, purchase, exchange, and repair of canceling machines and motors, mechanical mail-handling apparatus, and other labor-saving devices, including cost of power in rented buildings and miscellaneous expenses of installation and operation of same, including salaries of five traveling mechanicians, and for per diem allowance of traveling mechanicians, while actually traveling on official business away from their homes and their official domiciles at a rate to be fixed by the Postmaster General, not to exceed \$4 per day, \$392,000.

That is a new item?

Mr. BLAKSLEE. No, sir.

The CHAIRMAN. Oh, yes; I did not notice that on page 64.

Senator PHIPPS. Now, Mr. Blakslee, I notice in the column where the comparative figures are shown, the expenditures for 1920 are entered as \$395,000.

Mr. BLAKSLEE. Again, I suppose that was the amount that was expended for the year 1919.

Senator PHIPPS. They give 1919 right above it as \$378,791.92.

Mr. BLAKSLEE. Yes.

Senator PHIPPS. There are very few instances where you show 1920 expenditures in that column.

Mr. BLAKSLEE. The reason for that is the year is not completed, and we have the figures only up to a particular date.

Senator TOWNSEND. That is what we understood, and we could not understand why you had that \$295,000 in there, and we tried to figure out that was 1919, and then we looked above and found you gave \$378,000 for 1919.

Mr. BLAKSLEE. We did not enter those figures, Senator. They were entered by the House committee or by this committee, to illustrate what has been expended or what was the appropriation of the year before.

The CHAIRMAN. I supposed those were your figures.

Mr. BLAKSLEE. No.

Senator PHIPPS. Have you the figures showing how you stand on your present appropriation up to January 1 or February 1?

Mr. BLAKSLEE. Yes; I have the state of the appropriation as of February 2. We had an appropriation of \$337,000, of which there remains as of February 1, \$60,219.58.

The CHAIRMAN. Well, is that sufficient to carry you through?

Mr. BLAKSLEE. Yes, sir; office appliances and devices of this variety are supplied in case we have the money. We are not up against a proposition such as appears in the twine and stationery; we have to supply certain quantities of twine to tie packages of letters; we are compelled to supply numbers of facing slips, C. O. D. tags, and things of that kind without fail or demoralize the service, but the distribution and use of canceling machines or adding machines or typewriters can be postponed until the following year's appropriation is available, and we are able to get through without

serious detriment to the service on an appropriation that looks though it would not be quite adequate.

Senator HENDERSON. That \$392,115 is the 1920 appropriation?

Mr. BLAKSLEE. Yes.

Senator HENDERSON. Now, your estimates are \$337,000 for 1920 appropriation \$337,000. Now, what have you expended?

Mr. BLAKSLEE. We have expended \$270,040.42, as of the 1st of February; we have a balance for the year of \$66,959.58.

Senator PHIPPS. Well, now, in your estimates for 1921, on page 65, as against 1919 expenditures, the items are quite advanced. You want \$167,000 for canceling machines, which is less than you expended in 1919, and you want \$91,000 for maintenance, against \$41,000 expended in 1919.

Mr. BLAKSLEE. Senator, for six years we have been gradually installing Government-owned canceling machines in post offices.

Senator PHIPPS. I notice you drop the item of rent on them.

Mr. BLAKSLEE. All the canceling machines we have this year will be Government owned; there will be no more rented canceling machines in the Postal Service. There is an increase in the number of machines in use; there were 2,100 last year as compared to 3,320 this year. Consequently, the cost of maintenance increases in proportion to the number of machines in use. This appropriation provides for the purchase of additional machines; \$167,000 will purchase, perhaps, 100 to 200 additional machines, and naturally the cost of maintenance will increase.

Senator PHIPPS. Now, on the next item of conveyers, pick-up tables, etc., you ask for nearly double what you used in 1919, and then drop out the item of \$25,000 for mail-distributing machines. What are mail-distributing machines? Is that a workable device?

Mr. BLAKSLEE. Why, it was a device that a gentleman who has appeared before this committee stated that operating his device was similar to the method used in operating a typewriter; that letters could be distributed by it, and that it would produce great economy through a reduction in the number of individuals employed in post offices where it would be used. The Congress provided an appropriation of \$100,000 for the purchase of the device two years ago and \$25,000 last year. The machine has been purchased, although it is not in operation as yet. It is a labor-saving device that is supposed to do something wonderful. I do not believe it is going to result in anything abnormal; but, at any rate, the device has been purchased, and it will be experimented with.

As to conveyors and pick-up tables and things of that sort, Senator, the more increase in appropriations we have in mechanical devices of that sort, the more rapidly the efficiency in post offices will be increased. It is self-evident that in post offices conveyors will move mail quickly from one end of the post office to the other and operate more efficiently than pushing a hand truck across the nailing floor. We provide conveyors in many post offices.

Pick-up tables are now being produced from a design of our own. We formerly paid about \$800 for a pick-up table which now cost about \$230. We manufacture it in the equipment shops, and this appropriation pays for the material used.

So tables and devices of that sort are essential to the efficient operation of the post office.

Senator PHIPPS. I notice you still rent your tabulating machines.

Mr. BLAKSLEE. Yes; we can not do anything else. The producer of the tabulating machine, which is a device used by the auditor in mechanical accounting systems in post offices—

Senator PHIPPS. And that is still covered by patents?

Mr. BLAKSLEE. That is still covered by a patent. We can not do anything but rent them. They are high-priced instruments, but nevertheless they save a lot of time and a tremendous lot of clerical work.

The CHAIRMAN. Now, this mail-distributing machine that you have purchased; what machine was that you purchased? Was that the one this German—

Mr. BLAKSLEE. That is the one. You remember it was certainly going to revolutionize the methods of treatment of letter mail in post offices. As yet it has not been put in operation, but we have contracted for one of them.

The CHAIRMAN. Where are you going to install that?

Mr. BLAKSLEE. There is quite a controversy over what they should cost, and I was on the wrong end of the controversy from the contractor's point of view. I thought we ought to have 8 or 10 of these devices for \$100,000, and the producer thought that one was about all he could provide for that amount; we have had some words over it, but finally we compromised by purchasing two machines for \$25,000, the amount that Congress had appropriated, and then the patentee agreed to build three additional machines at his own expense and risk, and they will be installed in the New York post office or Chicago post office or Washington post office or Philadelphia or Boston, and we will learn what we will learn. The device is a very complicated sort of machine and may produce some results.

Senator STERLING. What does the machine do?

Mr. BLAKSLEE. It is said to operate exactly like a typewriter. Letter mail if stacked on a small conveyor which will feed it into the machine, just like you would feed bags into an elevator, and by operating the keys as you would a typewriter these letters as they drop in would be diverted into boxes or containers representing given destinations in distribution, and, of course, it requires a very complicated machine to do that.

The CHAIRMAN. As he says, it is a very small complicated affair; but if it works it will certainly do wonders.

Senator STERLING. I should think so. The only machine I saw exhibited was a machine exhibited two or three years ago for tying up letters.

Mr. BLAKSLEE. Yes; and we have had all kinds of controversy about that. One of the first things I always put to a prospective contractor is, "What is this thing going to cost the Government?" and that is generally a question that starts something. I am not interested in any device until I know what the approximate cost is going to be, and every one of the promoters, patentees, or producers is going, of course, to make a fortune, not only for the present but for all future time, out of some labor-saving device; and they come forth generally with an estimated price for their devices or machines that is simply staggering, and then starts the struggle to name a price somewhere between actual production cost of the machine and what the individual promoter wants for it; so the negotiations

for that device were along similar lines. We had a difference of opinion over the cost of this tying machine, and during the debate it was found that the device would not tie packages of letters with anything but cotton twine; that it could not use jute twine; that it would not tie anything but certain sized letters, correspondence size; that it would not tie packages of long letters, so the patentee has been trying to perfect the device to tie with any kind of twine and to accommodate any size of letter. It has been used in Chicago, though, trying with cotton twine and on small-sized letter packages. It does do efficient work within these limitations.

Senator STERLING. I understood at that time it had been used in the Chicago post office.

The CHAIRMAN. I wish you would look up and see who is responsible for these tables of figures. Now, we find a great many discrepancies that we can not understand, and if we were to present those to the Senate we would be instantly asked what those mean. Nobody can look over them there and understand why those figures are greater without an explanation.

Mr. BLAKSLEE. That is not our entry, Senator; we did not make an entry in the expenditures, as set forth in this sheet. This was printed in the House committee, apparently; this is the first time I have seen it. Our estimates are made up in the form in which the estimate appears, the amount we have appropriated and the amount that was appropriated the year before, and not what we have expended to date.

The CHAIRMAN. Well, they must have obtained that from you or somebody else, or they could not put it in.

Mr. BLAKSLEE. Yes; I do not know how this was prepared.

The CHAIRMAN. Will you look those over and see what there is wrong about them, so we can get some kind of a correct statement as to what those figures mean?

Let us turn to section 6 on page 66. Same appropriation for this year. Last year, 1919, you got \$1,000,000.

Mr. BLAKSLEE. Nineteen hundred and twenty we got \$2,000,000.

The CHAIRMAN. In 1919 you got \$1,000,000 and asked for \$450,000, and you expended \$872,187.39, if that is correct. This year you ask for \$2,000,000 and get \$2,000,000?

Mr. BLAKSLEE. Yes, sir. That is just the same as it was last year; the request and the appropriation is exactly the same.

Senator PHIPPS. How are you coming out on your 1920 appropriation?

Mr. BLAKSLEE. We have money enough in the 1920 appropriation to see us through. It will be a very close call, however, because just before Christmas we had a contract with a firm to furnish 300,000 mail containers and they failed to furnish them in time for the Christmas rush, whereupon we canceled the contract and bought 200,000 burlap sacks to supply the needs of the service. The 200,000 burlap sacks cost \$25,000.

Senator STERLING. You say you asked for \$2,000,000?

Mr. BLAKSLEE. Yes.

Senator STERLING. That is the estimate, and the item is \$2,090,000?

The CHAIRMAN. That is an additional estimate.

Senator STERLING. Oh, yes.

Senator PHIPPS. What are your figures on 1920 expenditures? Have you them up to the 1st of January or the 1st of February?

Mr. BLAKSLEE. Yes; up to February 1 we have expended \$1,808,970.25.

Senator STERLING. Up to what date?

Mr. BLAKSLEE. February 1. We have \$192,978.97 remaining. Out of that appropriation we pay the labor in the mail-equipment shops, pay all of the expenses of operating the mail-equipment shops, buy all the canvas.

Senator PHIPPS. Well, your price of canvas seems to be where the great increase comes in; but the way this column has been growing it is rather alarming, when you jump up from \$616,000 expended in 1918 to \$872,000 in 1919, and now you are going to expend \$2,000,000 in 1920.

Mr. BLAKSLEE. On the combined appropriations; we combine two appropriations in that. I do not know whether it is in those figures you set forth there or not.

Senator PHIPPS. Well, this column may be misleading in that respect.

Mr. BLAKSLEE. Oh, I rather think you are correct. We did not combine the material and labor appropriations during the years that you mentioned. We combined the labor and the material account in one item in the manufacture of mail containers and other devices. Nevertheless the enlarged appropriation is due to two causes: The increase in the price of the material used and the vastly increased quantity of mail containers which we are compelled to supply now, as compared to what was supplied heretofore. The cost of material has increased over 150 per cent, both in the steel and metal parts, also the textile materials, canvas, and thread, has increased over 150 per cent as over against the years you quote. The number of containers have increased from 400,000 sacks annually to about a million and a quarter annually; that is as if six years ago compared with to-day. The increased quantity of sacks required is due to the change in the character of the mailable matter. When the mail service transported nothing but letter mail a small sack, containing perhaps 150 pounds, possibly 30 inches by 29, would be large enough to accommodate nearly all of the mail matter that appeared for transmission, but to-day, when three or four parcels fill a sack, even though they only weigh 10 or 15 or 20 pounds, it requires triple and quadruple the number of containers, and this condition is increasing rapidly. The transmission of this character of mail matter is increasing so rapidly that the number of containers must necessarily increase in proportion. That is what is going on. And as it continues to increase—that is, the transmission of fourth-class or parcel-post mail—we will appear with larger and larger requests for additional appropriations for containers.

The CHAIRMAN. Will you have to have a deficiency appropriation this year?

Mr. BLAKSLEE. No, sir; not this year. I said we came very close to it. If we were still using the same type of containers we were six years ago, such as the heavy-weight sack—that is, heavy weight canvas sack—that was used then, or the leather pouch that we then used, this appropriation would not be half enough.

The CHAIRMAN. Well, if it is true that you are going to use up your \$2,000,000 appropriation for this year, as you will—

Mr. BLAKSLEE. Yes; there is no doubt about that.

The CHAIRMAN. And that the cost of this service is increasing, how do you get an estimate of the same amount for this year that you did last year?

Mr. BLAKSLEE. Well, Senator, there is this about it: We are buying a mail container that costs \$1.70, whether supplied by contractors or produced by ourselves. A large number of these containers are used only during a limited period of the year—that is, from the 1st of November until the 15th of December, or until the 25th of December. I would say that half of the containers are in storage the balance of the year, and I propose that, instead of supplying the \$1.70 type of container that we purchase the burlap or similar type of container, costing perhaps 20 or 25 cents, and store that type of container for use during this five or six weeks in the year. Now, that is what happens to the high-priced container, and I believe, in the interest of economy, that is the way we ought to handle this matter, and I do not propose to exceed \$2,000,000 this year for containers, and will use that method of providing a supply for that period of the year when the congestion appears. That is how I propose to get around it.

Senator HENDERSON. That is due to the Christmas movement?

Mr. BLAKSLEE. Undoubtedly that condition is due to the Christmas movement. That is the only way we can reduce this appropriation—simply reduce the grade of the container used in the service. We will secure a container that does not wear as long, does not last as long, and is not as valuable; but it does not sound reasonable to me that for an emergency or unusual situation covering six weeks in the year we should provide an expensive bag, but, on the contrary, we should attempt to economize in the use of the money provided by using a less valuable sack, and these cheaper bags will last a good many years.

The CHAIRMAN. You have not tried them in the past?

Mr. BLAKSLEE. Oh, yes; we purchased 200,000 burlap sacks just before Christmas this year, at a cost of \$25,000. That was only 12 cents apiece. Of course, they were a very poor grade, but we had to supply the service with enough sacks to move the mail. Last year we purchased over a million such sacks, all of which were used this year. And the latter period of the war we sent thousands of burlap containers abroad, because our regular containers were not coming back; they were used as sandbags on the trenches and for other military purposes.

Senator HENDERSON. What is the life of a burlap container?

Mr. BLAKSLEE. With the use they get they ought to last 10 years. If they were used every day in the year, they would not last a year, and a great many of the higher-priced containers do not last a year, on account of the character of matter being mailed in them, sharp corners cutting through them, and parcel-post packages breaking, and liquids and other things getting on the cloth and destroying it.

Senator STERLING. Are there not different qualities of these burlap containers?

Mr. BLAKSLEE. Oh, yes; there is a very excellent container, such as the coffee bags, which can be bought for about 50 or 60 cents apiece.

Senator STERLING. Now, are these cheap containers used for all kinds and classes of mail?

Mr. BLAKSLEE. Principally for the movement of parcel post during that period—that is, the rush period—they are heavily used at that period of the year.

The CHAIRMAN. Well, I can not understand yet, if you used all of the appropriation last year, and you have already employed and are employing this device of obtaining a cheaper burlap, how you are going to get along next year with the immense increase you have described.

Mr. BLAKSLEE. We will have to use more of these sacks, Senator, that is all, instead of manufacturing so many of the higher grades.

The CHAIRMAN. And they will have to be extended over more than this six weeks?

Mr. BLAKSLEE. Yes. Instead of buying 200,000 more, we will have to have 500,000 or 600,000 of the cheaper bags in the service, and cut down on the high-priced bags. We will have to do that.

Senator HENDERSON. Do you look for the same proportion of increase this year?

Mr. BLAKSLEE. Oh, yes.

The CHAIRMAN. Yes; he said this was increasing immensely all the time.

Mr. BLAKSLEE. Every year.

The CHAIRMAN. Section 7, for inland transportation by star routes, excepting service in Alaska, including temporary service to newly established offices, \$11,000,000. Now, we have a proviso in that.

Mr. BLAKSLEE. Senator, that proviso is simply an auxiliary to legislation that has already been passed and which is already in effect in the Postal Service. This says:

That the Secretary of War is authorized hereafter, in his discretion, to deliver and turn over to the Postmaster General, without charge therefor, from time to time such motor vehicles, aeroplanes, parts thereof, and machinery and tools to repair and maintain the same, as may be suitable for use in the Postal Service.

The legislation heretofore reads as follows:

That whenever, in the judgment of the Postmaster General, the bids received for any star route are exorbitant or unreasonable, or whenever he has reason to believe that a combination of bidders has been entered into to fix the rates of star-route service, the Postmaster General be, and he is hereby, authorized, out of the appropriation for inland transportation by star routes, to employ and use such means or methods to provide the desired service as he may deem expedient.

That is one section of the law. Then, again:

That the Secretary of War may, in his discretion, deliver and turn over to the Postmaster General from time to time, and without charge therefor, for use in the Postal Service, such aeroplanes and automobiles or parts thereof as may prove to be or as shall become unsuitable for the purposes of the War Department but suitable for the Postal Service.

Now, those two items of legislation only give the Postmaster General authority to use such means as are necessary whenever a bid is received that is exorbitant or unreasonable, and, second, that the Secretary of War may turn over vehicles which can be used in the movement of mail under certain conditions.

**Senator STERLING.** And they are substantially as this item here?  
**Mr. BLAKSLEE.** There is this difference:

The Secretary of War may, in his discretion, deliver and turn over to the Postmaster General from time to time, and without charge therefor, for use of the Postal Service, such aeroplanes and automobiles or parts thereof as may prove to be or as shall become unsuitable for the purpose of the War Department—

That is the only kind he can turn over, those that are unsuitable, whereas this legislation says he shall—

deliver and turn over to the Postmaster General, without charge therefor, from time to time, such motor vehicles, aeroplanes, and parts thereof, and the machinery and tools to repair and maintain the same, as may be suitable for use in the Postal Service.

Not whether it is suitable for the War Department, but suitable for our use; it makes no difference whether it is an active machine or inactive machine.

**Senator HENDERSON.** There may be enough that would be suitable for both purposes that he would have.

**Senator PHIPPS.** This authorizes the War Department to turn over to you its surplus which you can use?

**Mr. BLAKSLEE.** Not surplus; any machine, whether it is surplus or not. And the reason for that is this, Senator: On August 30 the Second Assistant Postmaster General came to my office and said, "We have not had any mail moving west of Yuma, Ariz., or Ogden, Utah, for 48 hours." This was due to a strike on the railroads, interrupting train movements to a point where we have not moved any mail. I said, "We will move it." He said, "How will you do it?" Well, I wired the postmaster at San Francisco to move the mail, and here is the telegram:

You are authorized to employ necessary personnel, purchase needed supplies, and operate Army trucks between such points and on such schedules as may be deemed necessary by the Superintendent of the Railway Mail Service. All bills should be rendered in duplicate; scrutinize the same carefully; make payments and take credit in quarterly account; charge to appropriation star-route service, 1920. Wire daily estimated expenditures. Call upon military authorities for any additional trucks that may be available for this purpose.

This is his reply:

Your wire 27th. Estimated daily expenditures on account Army trucks operating in lieu of train service \$400 per day. Actual expenditures entirely problematical, owing to distance from which trucks are operating and inability at this time to get actual data of costs.

Nevertheless we moved the mail. We moved it with Army trucks; but we moved it under the law that allowed the Secretary of War to turn over to the Postmaster General Army trucks to be used in the transportation of the mails. That was the only law we had. He was not supposed to turn over to us any trucks that were not useful for the military purposes. We want him to be permitted and authorized under the law to turn over any kind of trucks when or where we are up against the problem of moving the mails.

**The CHAIRMAN.** How could you, in your department, use the aeroplanes on the star routes?

**Mr. BLAKSLEE.** Oh, very well. There are sections of the country that eventually the aeroplanes will be the device that will be used to move the mail with considerable efficiency. It naturally ought to be coupled with the transportation of passengers, and then it would be

more nearly self-supporting than it will be in the transportation of freight or mail matter, but there is no question but what there is territory in the Northwest, where our inspectors are making an effort to survey service, and where people domiciled far from existing lines of transportation should be accommodated through an air service.

The CHAIRMAN. Well, suppose we make a provision for the Second Assistant to use aeroplanes. How does that come under your department?

Mr. BLAKSLEE. It is not under my department. The problem is here to get some legislation that will meet certain emergencies.

The CHAIRMAN. Now, you are including in here authority for turning aeroplanes over under your administration?

Mr. BLAKSLEE. No; turn over to the Postmaster General for use by him in operation of the mails.

The CHAIRMAN. Then, why should that be attached as a proviso to this appropriation for inland star routes?

Mr. BLAKSLEE. Because the appropriation for inland star routes will be ample to cover any expenses that might be incurred in such conditions. There is no other appropriation in the Postal Service, except motor boat or power boat, or possibly one or two others that I am not familiar with, no other appropriation that could be utilized for that purpose, such as the inland transportation of star routes can be. I do not know of any others; this is the only one under my supervision that could be so utilized.

Senator STERLING. Suppose there is a failure on the part of the railroads because of a strike to carry the mail. What about the compensation?

Mr. BLAKSLEE. One way to move it would be to put it on this character of service and move the mail by motor vehicle and pay for the cost thereof out of inland transportation by star routes. It is the only appropriation that provides for the transportation of mail in territory between post offices that I know of. The motor boat would do it, too. That is, by river and postal waterway. The aeroplane appropriation would not be sufficient to do anything with it. The appropriation for motor trucks, \$300,000, would not be a drop in the bucket. We would be limited by the limit of the appropriation.

The CHAIRMAN. Well, now, do I understand, Mr. Blakslee, that this appropriation would give you the right, and the Postmaster General the right, to establish aeroplane service within that appropriation for star routes?

Mr. BLAKSLEE. No; I do not. There is a specific appropriation for the operation of aeroplanes. There would be no authority under this to operate aeroplanes when the authority is provided for in a specific appropriation. This legislation would not give the Post Office Department authority to operate aeroplanes ad libitum.

Senator STERLING. This is only for emergency?

Mr. BLAKSLEE. Yes. And furthermore we have star routes operating with Army trucks under the legislation now existing—we have them operating from Fredericksburg to Kinsale, Va., and from Baltimore to Solomons Island, Md., from Helper to Vernal, Utah. Those routes are operated under the provisions of this appropriation, and all are operated with what are known as vehicles not suitable for military service.

**The CHAIRMAN.** Does it provide for aeroplanes also?

**Mr. BLAKSLEE.** It did; yes, sir. I will read you that so you can get it correct:

That the Secretary of War may, in his discretion, deliver and turn over to the Postmaster General from time to time, and without charge therefor, for use in the Postal Service, such aeroplanes and automobiles or parts thereof as may prove to be, or as shall become, unsuitable for the purposes of the War Department, but suitable for the use of the Postal Service; and the Postmaster General is hereby authorized to use the same, in his discretion, in the transportation of the mails and to pay the necessary expenses thereof out of the appropriation for inland transportation by steamboat or other power boat or by aeroplanes or star routes.

You see that being the only appropriation from which he could pay for them.

**The CHAIRMAN.** Well, that is in the law? That is in the appropriation, and that is in the law now.

**Mr. BLAKSLEE.** Yes, sir.

**The CHAIRMAN.** And you are seeking to amend that?

**Mr. BLAKSLEE.** To amend that so as to provide for the machinery necessary and tools necessary to maintain the same; replacement, maintenance, and exchange of the same. Now, under the present law, we have these machines and can not get rid of them. The present law was rather crudely drawn, and at the time was intended to provide for some use of the surplus Army machines.

**Senator HENDERSON.** Well, as I understand the present law, you must make application to the Secretary of War for some trucks?

**Mr. BLAKSLEE.** Yes.

**Senator HENDERSON.** They might be suitable for war purposes, but not used?

**Mr. BLAKSLEE.** Exactly.

**Senator HENDERSON.** Under the law, then, a strict interpretation of the law, he could not turn them over because they are suitable, although they are not being used?

**Mr. BLAKSLEE.** Yes, sir; that is it.

**Senator HENDERSON.** Now, this, in his discretion, will permit him, when he has motor trucks of any kind, when they are in use, to turn them over upon application?

**Mr. BLAKSLEE.** Absolutely.

**The CHAIRMAN.** I understand what you are after very clearly, but I can not yet understand why you put that on as a proviso to this appropriation of \$11,000,000 for star routes. Now, it says "provided."

**Mr. BLAKSLEE.** Oh, Senator, I did not put that on there.

**Senator STERLING.** It might be a new section?

**The CHAIRMAN.** Yes; I think that would limit it, by attaching it to that; it could not be used for any other purpose. It is a proviso on that appropriation, and it would be restricted to that. I see what you have in mind, but I have serious doubts about it being put in the right way.

**Mr. BLAKSLEE.** Well, I know it is a very much needed piece of legislation about this time.

**Senator STERLING.** Maybe you could strike out the word "provided" and insert that as just another section, or another paragraph. It ought to be another paragraph.

The CHAIRMAN. Well, we will consider that. I think we have your idea on that, although I am not yet clear why that aeroplanes should now, or at any time, be included in that provision, but we will consider it, and I think we have your idea now.

Senator PHIPPS. Now, if we are through with that item I would like to get posted up to date on the expenditures for the current year under this item. On page 69 you show \$9,970,000 in 1919. Your appropriation for the same thing this year is \$9,500,000.

Mr. BLAKSLEE. Mr. Wood will explain that to you, Senator Phipps.

Senator PHIPPS. I would like to know how we are going to get along with that appropriation this year.

Mr. Wood. On page 188 of the House hearings is inserted a statement.

Senator PHIPPS. I see; you have inserted those figures?

Mr. BLAKSLEE. Yes.

Senator PHIPPS. Well, I remember seeing those the other day, and on that basis you are going to run a deficit this year of \$1,500,000.

Mr. Wood. Yes, sir.

Senator HENDERSON. In round figures?

Mr. Wood. Yes, sir. The costs of the service have gone up tremendously in recent years.

The CHAIRMAN. But you do have a deficit?

Mr. Wood. We will have a deficit this year, Senator, of \$1,500,000. The service this year will cost us \$11,000,000.

Senator HENDERSON. That service in Utah, I understand, has accomplished all these results that were expected?

Mr. BLAKSLEE. Oh, that is a wonderful service; we are carrying over 597,000 pounds now as compared to the largest amount ever carried before of 199,000.

Senator HENDERSON. That much of an increase.

Mr. BLAKSLEE. We have 40 trucks on that line, and it would be a godsend to that country out there if we could establish more of that type of service into similar territory. Every State west of the Mississippi River could utilize that character of service and make tremendous increases in the tonnage of food production offered to rail and water transportation lines for long distance shipment.

Senator PHIPPS. What is the location of that route, Mr. Blakslee?

Mr. BLAKSLEE. From Helper to Vernal, Utah. Where there is a band building, built practically entirely of materials transported, sent in by parcel post.

Senator HENDERSON. And then you bring out produce?

Mr. BLAKSLEE. The trucks are bringing out tons of foodstuffs. Eggs were selling in the valley, served by this route at 25 cents per dozen, while in Salt Lake City about 100 miles away they sold for \$1 per dozen.

Senator PHIPPS. There is no other avenue of communication?

Mr. BLAKSLEE. No other lines of transportation except this line. There are 14 counties that if that service were abandoned would be cut off from the railroad.

Senator STERLING. And still they do not reduce the price of eggs; they are still a dollar a dozen?

**Mr. BLAKSLEE.** And, Senator, another astonishing feature about this thing is that we are doing it at \$75,000 a year less than it would cost us by contract.

**Senator PHIPPS.** But, with the natural increase, Mr. Blakslee, are you going to get through with the 1921 appropriation, \$9,000,000, if you spend that in 1920?

**Mr. Wood.** Senator, I am hopeful. I do not know what the service is going to cost. We are awarding new contracts for something over 2,000 star routes, all of them located in Kentucky and Tennessee, and all through the South. I have not started the awarding yet. I do not know what the rate of increase is going to be; it is undoubtedly going to be something, because those contracts were let four years ago when prices were low. But, as I say, I am hopeful. I am not making any predictions.

**The CHAIRMAN.** Anything further about that?

**Senator PHIPPS.** No; I think not, on that item.

**The CHAIRMAN.** Well, let us turn over to section 8.

**Mr. Wood.** Senators, that is to take care of the appropriation for 1920.

**Senator PHIPPS.** \$68,800,000.

**Mr. Wood.** That has been increased twice.

**Senator HENDERSON.** You see, you have a reduction of \$12,000,000. You only ask for \$56,000,000 for 1921.

**Mr. Wood.** Yes; but that \$68,000,000 there was an increase of 5 per cent to go on the carriers' pay beginning July, 1921.

**The CHAIRMAN.** Where do you get \$56,000,000?

**Mr. Wood.** That is the basic pay. We were directed by the Secretary of the Treasury not to include any increases in pay in the estimate. After that we figured on the basic pay, which is the pay authorized by law.

**The CHAIRMAN.** What is the basic pay?

**Mr. Wood.** \$1,200.

**The CHAIRMAN.** Somebody said the other day it was \$1,500. I thought myself it was \$1,200.

**Mr. Wood.** That was under the act beginning July 1, 1919. Then, beginning in November it was increased to \$1,700.

**The CHAIRMAN.** But you still have a basic pay of \$1,200?

**Mr. Wood.** Yes; because all of this increase was only for a period of one year. The basic pay is permanent law, and has not been repealed yet.

**Senator STERLING.** Well, why would it not have been proper for you to have made your estimates in view of the increases?

**Mr. Wood.** Why, simply because the Secretary of the Treasury requested that no figures be put in the estimates except those authorized by law. The basic pay was authorized by law. We expected to state before the House committee that we had no doubt they were going to be increased, but we were just acting under the Secretary of the Treasury's request.

**The CHAIRMAN.** Do you know how you are coming out with the appropriation of \$68,800,000 this year?

**Mr. Wood.** Oh, it will be way in the hole. We explained it is over \$77,000,000 this year. That \$68,000,000, as I tried to show a while

ago, is exclusive of the additional 5 per cent that went off July 1 and the additional bonus.

The CHAIRMAN. Yes, sir; I understand that; but your \$68,800,000, which you received last year, included the 5 per cent?

Mr. Wood. No; it did not include the 5 per cent; it included 20 per cent.

The CHAIRMAN. Twenty per cent, I mean.

Mr. Wood. Yes; 20 per cent; then we got 5 per cent more.

The CHAIRMAN. In addition to that?

Mr. Wood. Then we got \$200 additional.

Senator HENDERSON. That was under general legislation?

Mr. Wood. Under the general legislation. Our expenditures this year will approximate, as near as I can figure them out, in the neighborhood of \$77,000,000.

The CHAIRMAN. Well, will there be any increase in the expenditures this coming year, 1921?

Mr. Wood. Not unless authorized by Congress as new routes go in.

The CHAIRMAN. Your \$78,000,000—will that carry you through?

Mr. Wood. Yes, sir. It is no change in the law; \$78,000,000 will carry us through. That takes care of everything.

Senator HENDERSON. The 5 per cent, too?

Mr. Wood. And the bonus.

Senator HENDERSON. Your estimate for 1921 is \$56,000,000, but you ask for \$78,000,000.

Mr. BLAKSLEE. We do not ask for it.

Senator HENDERSON. Well, the House put it in.

Mr. BLAKSLEE. I am still contending that \$68,800,000 would be enough if we were given legislation submitted to Congress to pay these men in proportion to the work they do instead of giving them all the flat increase of \$200 and 5 per cent. That is our contention—that \$68,000,000 would be enough.

Senator HENDERSON. Well, the House has passed this?

Mr. BLAKSLEE. Yes; they passed \$78,000,000; but the legislation suggested by the Postmaster General is not there.

The CHAIRMAN. Well, is there anything further you want to ask about that?

Senator HENDERSON. I do not think so.

The CHAIRMAN. Now, was there anything further we wanted to ask the Fourth Assistant about; do you remember?

Mr. BLAKSLEE. You asked about that provision, Senator, "that the length of routes shall be determined by the department."

Senator HENDERSON. What page is that on?

Mr. BLAKSLEE. That is on page 71. You wanted to know if I recollect what that proviso meant, what it was inserted for:

Hereafter the length of routes served by rural carriers shall be determined by the records of the department, which records shall be changed promptly whenever it shall be demonstrated to the satisfaction of the department that the length of a route has been incorrectly stated.

The CHAIRMAN. I do not remember that; I thought we understood it. What did you have to say about that? I thought we understood it.

Mr. Wood. Well, Senator, if you want me to make any statement on it—if it is all right there is no use making any statement.

The CHAIRMAN. I understood that where there was a mistake made in a route you were authorized to correct it.

Mr. Wood. Yes; but not make it retroactive for the last four years. Under the present law, when a mistake has been made in the length of the route, we have to go back and correct the difference from the carrier from July, 1915; we have to collect from him or pay him. I will take a concrete case.

The CHAIRMAN. That has not been discussed in my presence before.

Mr. Wood. For instance, a route of 19.7 miles, the salary, under the present law, is \$1,300. If it is 20 $\frac{1}{2}$  miles, it is \$1,500. If we are paying a man on the basis of 20 $\frac{1}{2}$ , at the rate of \$1,500, and a re-measurement develops it is 19 $\frac{1}{2}$ , which is a common occurrence, we have to go back to July 1, 1915, and collect every year the difference between \$1,300, what he should have been getting, and \$1,500, what he actually got.

Senator STERLING. Collect it from the carrier who has received it?

Mr. Wood. Yes; and, of course, the reverse is true; if it develops it is a quarter of a mile longer, we have to pay him \$200 for the last four years. It does not seem a fair proposition either way. What we want to do is, if the official length of the route shown on the department's records is ascertained to be wrong, we will change the length and pay him what he is entitled to from the date we ascertain the correct length.

Senator STERLING. And not make it retroactive?

Mr. Wood. Not make it retroactive to July 1, 1915. It is getting worse and worse all the time.

The CHAIRMAN. Well, have you ever attempted to correct those routes, so as to have them of proper length?

Mr. Wood. Well, yes; but mistakes will occur; mistakes have happened, and are happening all the time. Remeasurements of route develop there was a mistake made in the original measurement. It will develop that in putting down the distance from A to B, a long column, somebody will add them up wrong. Mistakes are bound to happen, but what brought it up specially was, I had a case where we would have to go back and collect about \$500 from a carrier, away back to 1915, involving payments to substitutes and temporary carriers, and two or three men who are not on the job. It was not due to any fault of the carrier; it was a mistake; that was all.

The CHAIRMAN. This provision will correct that as to the future, but it would not change the status of these men in the past?

Mr. Wood. No; it would not have anything to do with them. We can not help them any.

The CHAIRMAN. Well, under the department's ruling would you not be obliged to pay them?

Mr. Wood. We would be obliged to pay them and obliged to collect from them. We do not mind paying them, but it is a hardship to collect from them.

Senator HENDERSON. Well, I think we ought to pass an act now for the relief of the unfortunate carrier.

Mr. Wood. Well, yes. Of course, if he deliberately refused to serve his route we would collect from him.

Senator HENDERSON. Oh, yes.

Mr. Wood. It makes it discretionary in the department whether to collect or not to collect, and not mandatory regardless of the hardships it might involve. That has been recommended by the Postmaster General, and is recommended by his letter to the chairman of the House committee of January 9, 1920.

Senator HENDERSON. You have not put that in the record of the House committee?

Mr. Wood. No; I can put it in here.

The CHAIRMAN. Yes; put that in the record here.

(The letter is here printed in full as follows:)

JANUARY 9, 1920.

Hon. H. STEENERSON,

*Chairman of the Committee on the Post Office and Post Roads,  
House of Representatives.*

MY DEAR MR. STEENERSON: Prior to the passage of the joint resolution of Congress approved March 4, 1915, which became effective July 1, 1915, the pay of rural carriers was based on the length of the routes served, as shown by the records of the department.

Beginning July 1, 1915, under the terms of the joint resolution mentioned, the pay of rural carriers was based on the actual length of the routes served.

Under a recent decision of the Comptroller of the Treasury, a copy of which is inclosed, it is obligatory on the part of the department when a carrier has been underpaid by reason of an erroneous measurement of the route served by him, to make payment to the carrier of the difference between the amount paid to him and the amount that would have been paid to him, if the route had been correctly measured on July 1, 1915, and also, if a carrier has been paid on the basis of a route longer than that actually served, to make a collection from him of the amount paid in excess of that authorized by law.

Clearly this is a condition that was not contemplated at the time of the passage of the joint resolution. It will no doubt at times prove a very serious hardship on some of the personnel. As the carriers are paid solely on the mileage basis, a slight error in the original measurement, for which the employee was in nowise responsible, may subsequently make it incumbent upon the department to collect from him several hundred dollars. Conversely, the department will be called to pay considerable sums of money to employees who are not equitably entitled thereto.

To remedy this condition and to enable the department to apply the principles of equity to such cases, I have to recommend the addition of the following to the item making appropriation for the maintenance of Rural Delivery Service for the fiscal year 1921:

*"Provided, That hereafter the length of routes served by rural carriers shall be determined by the records of the department, which records shall be changed promptly whenever it shall be demonstrated to the satisfaction of the department that the length of a route has been incorrectly stated, the pay of the carrier to be increased or decreased accordingly."*

Sincerely yours,

A. S. BURLESON, Postmaster General.

TREASURY DEPARTMENT,  
OFFICE OF COMPTROLLER OF THE TREASURY,  
Washington, January 7, 1919.

THE POSTMASTER GENERAL.

SIR: I have your letter of December 29, received January 5, requesting decision whether under existing laws the Post Office Department in readjusting the salaries of rural carriers on the basis of the correct length of the route served by them as ascertained by measurement, whether the length be greater or less than shown by the official records, must make such readjustment effective July 1, 1915, if the route was being operated at that time.

The compensation of rural letter carriers was fixed by law and made to depend upon the actual length of the route served by a provision in the joint resolution of March 4, 1915 (38 Stat., 1227), effective on and after July 1, 1915. Prior to the latter date their compensation was fixed by order of the Postmaster General and based upon the length of the route served "as shown by the records of the department."

In a decision of this office dated January 31, 1916 (22 Comp. Dec., 360), it was held that any change in the rate of compensation as fixed by the joint resolution of March 4, 1915, necessitated by a remeasurement of the route served, should be made effective from July 1, 1915, if the carrier was serving the route on that date, and from the date the carrier began to serve the route if such date was subsequent to July 1, 1915.

With reference to that decision and as a reason for again submitting the identical question therein decided you state:

"The practice of the department has been in conformity with this decision, but since the pay of rural carriers has been so materially increased under acts of Congress effective July 28, 1916, July 1, 1918, and July 1, 1919, numerous cases are arising involving the payment of considerable sums to carriers or of recovering sums from carriers who have been overpaid, and in many of these cases the persons concerned are no longer connected with the service."

The acts referred to by you (39 Stat., 423; 40 Stat., 751; 40 Stat., 1197), made certain increases in the rates of pay of rural letter carriers but did not change the requirement that said rates be based upon the actual length of the route served.

I fail to see wherein the amount involved or the fact that the carrier is no longer in the service can have any bearing upon the decision of the question presented.

If a carrier has been underpaid by reason of an erroneous estimate or measurement of the route served by him clearly he has a legal claim against the United States for the difference between the amount paid to him and the amount which would have been paid if the route had been measured correctly on July 1, 1915. Whether the amount of that difference is large or small and whether the carrier has or has not left the service can not affect the legality of the claim. Likewise, if he has been paid on the basis of a route longer than that actually served by him at any time since July 1, 1915, he has been paid an amount in excess of that authorized by law and which he has no legal right to retain.

Respectfully,

WALTER W. WARWICK, *Comptroller.*

The CHAIRMAN. Are there many claims from carriers that they are carrying more than they are paid for?

Mr. Wood. Why, the claims are increasing with the increase of pay. There are more now than there ever were before. We have investigations made by an inspector.

The CHAIRMAN. What have you done in the past?

Mr. Wood. We have been collecting, and we have been paying ever since 1915, but they have usually been small sums. We have usually ascertained it in time. What attracted me the other day was this large sum, and I put it up to the comptroller whether or not it was mandatory on the department to go back to 1915 and collect from that man, and he says it is; so we will have to collect from him anyhow.

The CHAIRMAN. This law will not give you the relief on what has happened?

Mr. Wood. No; but in the future it will.

Senator STERLING. About what, as a rule, has put you on inquiry as to the length of the route?

Mr. Wood. Generally, claims of the carrier that he is serving a greater length than we are paying for. We send an inspector to measure his route, and incidentally, if there are any other routes there, the inspector will take a look at them and see whether they are right, too. Well, it sometimes develops some of the other routes are shorter than the rate we are paying the carrier.

The CHAIRMAN. On one of those short routes you deduct from his pay, do you?

Mr. Wood. We have to.

The CHAIRMAN. Is that the cause of any of these resignations from the Rural Delivery Service?

Mr. WOOD. Oh, I do not think so. There is not enough of them. There are a number of them. I suppose a case in two weeks, or every week, but there is not enough to make any difference on that.

The CHAIRMAN. Well, was there anything further you wanted to ask about? I do not remember of anything now.

Senator PHIPPS. Do you want to go into the aeroplane subject again?

The CHAIRMAN. That is the Second Assistant's work.

Mr. BLAKSLEE. There is a letter from the Postmaster General I would like to leave for the files.

The CHAIRMAN. Very well.

#### STATEMENT OF MR. W. J. BARROWS, CHIEF CLERK, THIRD ASSISTANT POSTMASTER GENERAL.

The CHAIRMAN. You represent the Third Assistant?

Mr. BARROWS. I represent Gov. Dockery.

The CHAIRMAN. Now, Mr. Barrows, if you will turn in your book to page 56, section 4, for manufacture of postal cards, the House appropriated \$965,000, the amount you estimated, which is an increase of \$465,000.

Mr. BARROWS. Yes, sir.

The CHAIRMAN. Increase over what you had in the first place. What is the present situation in that appropriation this year?

Mr. BARROWS. I will have to ask Mr. Fitch, Superintendent of Stamps, to tell us the situation as to the unexpended balance.

Mr. FITCH. We have expended from the appropriation for the manufacture of postal cards, \$262,408.

Senator PHIPPS. To what date?

Mr. FITCH. To December 31, the last available figures, leaving an unexpended balance of \$237,592 for the last half of this fiscal year.

The CHAIRMAN. I notice that in 1919 you only expended \$124,000 of your \$580,000.

Mr. FITCH. Yes; that was due to the very small issue of postal cards under the 2-cent rate of postage. The demand was only about 40 per cent of normal for postal cards under that rate.

The CHAIRMAN. Has that demand increased since they have reduced it to 1 cent?

Mr. FITCH. Very much so; yes, sir.

The CHAIRMAN. Have you any figures to show what that was?

Mr. FITCH. I have not any figures showing the increase, but I will be glad to supply them from our records in the office.

The CHAIRMAN. I wish you would do that.

Mr. FITCH. Yes, sir.

Senator PHIPPS. Now, have you reason to believe you are going to run short this year on your appropriation of \$500,000 with over half of it spent up to January 1?

Mr. FITCH. We would, except for one thing. We have a very large number of unissued 2-cent postal cards, to the number of about 400,000,000, which we propose to overprint 1-cent—this [exhibiting a 3-cent stamped envelope revalued 2-cent] is not a postal card, but

it shows how it can be done—by running through cancelling machines equipped with a special die to overprint them in that way.

The CHAIRMAN. So you have those for use?

Mr. FITCH. Yes, sir.

The CHAIRMAN. Which you paid for under the other appropriation?

Mr. FITCH. Yes, sir; we are salvaging those 2-cent cards.

Senator STERLING. Now, is that the manner in which it will be stamped?

Mr. FITCH. Except "1" instead of "2" will be overprinted on the postal cards up above, but this revalued stamped envelope serves to illustrate it.

Senator PHIPPS. Now, your estimate for this year, \$965,000, strikes us as being larger than necessary, and while the House has passed that item, the committee feels that we should not appropriate amounts largely in excess of what you can likely get through on.

Mr. FITCH. The cost of manufacturing postal cards has increased very largely. Two years ago, when the estimates for the last fiscal year were made, the cost was 46 cents a thousand. It is now 72 cents a thousand. Just within a few days the Joint Committee on Printing has opened bids for paper, 7,000,000 pounds of postal-card paper, for the ensuing year. We are paying now 9.25 a thousand for paper. The committee got a bid of 10.42 cents per pound for 1,200,000 and 14 cents per pound on 3,500,000 pounds. That illustrates the extent to which the cost of material for the postal cards has increased.

Senator STERLING. As against what, previously?

Mr. FITCH. Forty-six cents two years ago.

Senator PHIPPS. Well, do you not think you could get through with a couple of hundred thousand dollars less on that item?

Mr. FITCH. No, sir; but I will say this, if you will permit me, that no part of the appropriation will be expended unless it is needed. This appropriation is not used for Post Office supplies that are consumed by the Postal Service; it is used to produce postal cards that are sold to the public, and only expended as the public demand requires postal cards. If the demand does not equal this appropriation the money is not going to be spent.

Senator PHIPPS. What is your estimate of the number of postal cards which will be probably used during the fiscal year 1921?

Mr. FITCH. 1,290,000,000.

Senator PHIPPS. Which is, of course, about 15 or 16 per cent increase over 1920?

Mr. FITCH. Sixteen per cent over 1920.

The CHAIRMAN. Over 1919 you mean?

Mr. FITCH. Yes; or rather going back to 1917, as we had to go back to that year to get a normal condition. The issues in 1919 were very much below normal, so we were obliged to take as a basis for the estimate the last normal year, which was 1917.

Senator PHIPPS. What was the figure for 1917?

Mr. FITCH. 1,112,000,000.

Senator PHIPPS. Now, do you expect to use up all of this 400,000,-000 of the 2-cent issue during this present fiscal year?

Mr. FITCH. Yes, sir; we will have to, to get by with our small appropriation for this year.

Senator PHIPPS. Now, it is \$965,000 for this coming fiscal year. How do you estimate that? Cost of paper so much?

Mr. FITCH. Yes; cost of labor and paper and packing materials.

Senator PHIPPS. Have you those figures there to show how you arrived at this \$965,000?

Mr. FITCH. Let me explain that the postal cards are printed in the Government Printing Office under an arrangement by which the Public Printer is reimbursed from this appropriation. The paper costs at the present time 9.25 cents a pound, and the printing 12.5 cents per thousand cards, making a total of 72 cents a thousand completed cards.

Senator PHIPPS. Of course, that explains the estimate.

The CHAIRMAN. Yes.

Mr. BARROWS. I might also add, Senator, that if the cost of labor and the cost of material advances, the Public Printer revises his bill and we have to pay it.

The CHAIRMAN. Could there be such a thing as a deficiency in this appropriation? Would you go on and expend the money for postal cards if you did not have the appropriation?

Mr. FITCH. Well, it has been done in previous years. It has been some time ago; but within my experience we have had to have postage stamps or stamped envelopes—and they all come within my jurisdiction—in excess of our appropriation. The only thing to do is to have them printed, because the public has to have them, of course.

The CHAIRMAN. Do you make a profit on that kind of material?

Mr. FITCH. Yes; we believe that the postal cards cost less to handle in the mails than almost any other form of postal communication.

Mr. BARROWS. It is not a fluctuating weight; it is all the same weight.

The CHAIRMAN. In case you did not have enough money to finance the postal cards that the public demanded, would that be an inducement for them to use letter postage at 2 cents?

Mr. FITCH. They would have to do it, although they might possibly use unstamped cards, unstamped mailing cards, and put 1-cent stamps on them.

Senator PHIPPS. There are great numbers of these privately printed cards?

Mr. FITCH. Yes. Of course, many of them are illustrated, you know.

The CHAIRMAN. Now, you have made an estimate of increased number of postal cards to be used next year over what will be used this year.

Mr. FITCH. Yes, sir.

The CHAIRMAN. How do you arrive at that estimate of the number?

Mr. FITCH. We took the last year of normal conditions, which was 1917, and in that year the issues of postal cards were 1,112,000,000, in round numbers, and we added 16 per cent, representing two years of increase, to get the estimate for the—

The CHAIRMAN. Where did you get the 16 per cent?

Mr. FITCH. Eight per cent is about the normal rate of increase in postal revenues.

Mr. BARROWS. Annual rate.

Mr. FITCH. Annual rate, yes; and we have to estimate two years in advance, you know.

The CHAIRMAN. Yes.

Mr. FITCH. And that gave us this result of 1,290,000,000 postal cards to be issued in the fiscal year 1921.

The CHAIRMAN. All right; we will consider that when we get to it.

Now, section 6, for payment of limited indemnity for the injury or loss of pieces of domestic registered mail, insured, and collect on delivery mail, \$3,000,000.

Mr. BARROWS. Senator, that increase of \$1,400,000 should read \$900,000 as we have a deficiency of \$500,000 in the general deficiency bill now in the Senate. We estimate that we will have to pay, in 1921, for 328,369 claims for losses at an average value of \$9, which would amount, in round figures, to \$2,955,300 to which add \$40,000 for indemnity for loss on registered mail, which is included in this appropriation, making approximately \$3,000,000.

Senator PHIPPS. What is the matter? Are the Government employees becoming generally demoralized in this country?

Mr. BARROWS. No, sir; they are better than they ever were.

Senator PHIPPS. But your losses have gone up.

Mr. BARROWS. So have our mailings.

Senator PHIPPS. Out of all proportion to your mailings.

Mr. BARROWS. I can not agree with you, Senator, now. I could a year ago. Then they were out of all proportion, but now they have assumed normal proportions.

The CHAIRMAN. How do you estimate this number of packages which will have to be paid for?

Mr. BARROWS. I assume Mr. Marschalk, superintendent of the division, which is in direct charge of that work, can tell as to how he arrives at his figures.

Mr. MARSCHALK. The estimate of 1921 was arrived at by anticipating 30 per cent increase in business, that is, in the mailings of insured and c. o. d. parcels for 1921, over 1920. The estimate for 1920—

The CHAIRMAN. Now, you have another arbitrary figure. Where did you get the estimate of 30 per cent? These arbitrariness are what I can not understand.

Mr. MARSCHALK. Well, in dealing in these large figures, for instance, last year, our insured and c. o. d. mailings were in the neighborhood of eighty-four million and some odd; I do not recall the exact figure.

Mr. BARROWS. 84,400,000.

Mr. MARSCHALK. The percentage of increase each year naturally will be comparatively reduced, even though the number of additional parcels mailed is up in the millions, because we are dealing with such large figures.

Now, for 1919, for instance, the increase in business over the previous year was 40.48 per cent.

The CHAIRMAN. Over the previous year?

Mr. MARSCHALK. Yes, sir. Now, for 1920, our estimate is 33½ per cent increase. Of course, the number of additional parcels will be quite a number of millions. The total number of parcels in 1919 was 84,400,000, in round numbers, and for 1920 it will be considerably over that, some 30,000,000 odd.

The CHAIRMAN. Thirty million odd in excess of eighty million?

Mr. MARSCHALK. Yes.

The CHAIRMAN. Well, now, you estimate because of the number of pieces that are handled that the increase in loss will be 1 per cent.

Mr. MARSCHALK. Well, it runs about 1 in 400 parcels. We do not anticipate that the ratio of loss will increase.

The CHAIRMAN. Now, when you said 30 per cent—I believe your associate said that—and a year and a half ago the losses were abnormal, and prior to that time, out of proportion to the number of packages carried. Are you basing your increases now upon that abnormal increase of a year and a half ago or two years ago?

Mr. MARSCHALK. Well, I will say that the losses in 1918 should be considered abnormal, but I think the highest ratio of loss to be expected in a big business involving so many millions of parcels had not any more than been reached, even at that abnormal loss in that particular year. I should say, in a business of this character, you would naturally begin at a small figure, which would grow larger up to a certain point until reaching the height of loss, and I do not believe that 1 in 400 parcels—that ratio includes losses, rifled, and damaged parcels—is an excessive ratio. That is about one-quarter of 1 per cent.

The CHAIRMAN. Now, you had a deficiency—this \$900,000, which you are asking for here, is in addition to that emergency fund which you ask for?

Mr. MARSCHALK. Well, that emergency fund we asked for, Senator, was for 1920, and this is for 1921.

The CHAIRMAN. Oh, yes; I understand that. But you expect there will be required \$900,000 in excess of what you had in 1921, including the deficiency which you expect?

Mr. MARSCHALK. Yes. I might say, too, Senator, that the relative payment per claim is increasing right along, and the reason for that is that the values are increasing. Last year the higher fees—for instance, the 10-cent fee—jumped 105.22 per cent over the number of the year before.

The CHAIRMAN. You mean the amount of it?

Mr. MARSCHALK. The number of parcels mailed under a 10-cent fee, which indicated that the contents of the parcels were very much higher in value.

The CHAIRMAN. How do you determine what the contents of the parcel are?

Mr. MARSCHALK. When the patron goes to the post-office clerk, the clerk is required to ask him what the parcel contains, and if it is fourth-class matter, of course he will accept it for insurance. Then the postal clerk asks the question of patron, "How much do you want to insure it for?"—whether 3-cent, 5-cent, 10-cent, or 25-cent fee. The 3-cent fee includes indemnity not to exceed \$5, the 5-cent fee includes indemnity not to exceed \$25, the 10-cent fee includes indemnity not to exceed \$50, and the 25-cent fee indemnity not to exceed \$100; and of course we have to accept the affidavit of the sender as to the valuation, but we make him support it with bills, invoices, and other substantial evidence.

The CHAIRMAN. If he claims his loss, you make that requirement?

Mr. MARSCHALK. Yes, sir; loss, rifling, or damage.

The CHAIRMAN. Now, do you think that has not increased abnormally during the last year?

**Mr. MARSCHALK.** I do not think so. One loss in 400, which is approximately the loss, and I do not think that is heavy.

**The CHAIRMAN.** What do you do when a loss is reported?

**Mr. MARSCHALK.** The claimant fills out a form which goes into the chief inspector's files. He also fills out a claim form. He has three questions to answer—the contents of the parcel and the value, to whom he wants the indemnity paid, and how the parcel was packed and wrapped. The postmaster at the office of mailing certifies as to the particulars of mailing; that is, the number of the parcel, the date it was mailed, the name of the addressee, and, if he has record of it or information to show what is, the name of the sender; and he signs this certificate and also gives the amount of fee paid. Then the claim form goes to the office of address and, if it is a loss, the postmaster there certifies that the parcel is not on hand, that he has not forwarded it to some other office, or it is not on hand undelivered, for any cause, and certifies to the loss. The claim is then complete, if the statement of value given by the sender has been properly supported; the papers then come to the department and payment ensues very shortly.

**The CHAIRMAN:** So that these charges that you impose upon the insurer of mail matter do not constitute a fund sufficient to pay for the losses?

**Mr. MARSCHALK.** Oh, yes; constitute very much more than necessary to pay for the losses.

**The CHAIRMAN.** What is done with that money?

**Mr. MARSCUALK.** It goes into the General Treasury.

**The CHAIRMAN.** Not in the Post Office Department?

**Mr. MARSCHALK.** Yes.

**The CHAIRMAN.** Does it go to the Post Office Department?

**Mr. MARSCHALK.** Goes to the credit of general postal revenues in the Treasury Department.

**The CHAIRMAN.** For what purpose can that be used?

**Mr. MARSCHALK.** Well, acts of Congress take that money out of the Treasury.

**The CHAIRMAN.** And it could not be used in the payment of losses?

**Mr. MARSCHALK.** Not as a sinking fund; no, sir; it would be a rather indefinite process to know where the Treasury stood.

**Senator HENDERSON.** Have you gone into the amount of receipts for insurance and the losses?

**The CHAIRMAN.** No; we have just reached that point.

**Senator PHIPPS.** Now, you have figures for 1918—\$1,220,695—which they think was a normal year, while the preceding year was \$1,178,000, which, I think, was abnormal as to losses. In 1920 it is going to cost about \$2,100,000.

**Mr. BARROWS.** Yes; \$2,100,000.

**Senator PHIPPS.** Well, you spoke of an additional \$500,000 deficiency.

**Mr. MARSCHALK.** That makes \$2,100,000.

**Senator PHIPPS.** Well, they entered it here as \$2,100,000.

**Senator HENDERSON.** Well, I would like to have the chairman pursue his line there, and it will show what was received.

**The CHAIRMAN.** Yes. Let him finish that question. You told us you paid out so much. Now, can you tell us what you have received from insurance fees?

Mr. MARSCHALK. We can only show you up to 1919.

The CHAIRMAN. Well, that is the last year here.

Mr. MARSCHALK. The total fees received in 1919 were \$5,927,845.93. The total appropriation for 1919 thus far is \$2,061,493.45, leaving a paper balance to the credit of the department of \$3,866,352.48.

Senator PHIPPS. I thought you were giving us 1919 figures.

Mr. MARSCHALK. I am, sir.

Senator PHIPPS. Well, 1919 your expenditures are shown here as \$1,270,000, for claims.

Mr. BARROWS. Well, they are wrong.

Mr. MARSCHALK. That is a misprint.

The CHAIRMAN. I do not think we can rely upon any of these figures.

Mr. MARSCHALK. Our figures are right. The print there is wrong.

Senator PHIPPS. Who prepared these figures?

Mr. MARSCHALK. I do not know; they were made in the committee or on printing. Our figures were correct.

The CHAIRMAN. Well, now, tell us again what the appropriation was for 1919.

Mr. MARSCHALK. \$2,061,493.45.

Senator PHIPPS. There is a difference of \$700,000.

Mr. MARSCHALK. There is also a mistake for 1918. That was \$1,280,000.

Senator PHIPPS. Now, in the expenditures, have you those for 1919?

Mr. MARSCHALK. Yes, sir. I can not give you the expenditures, but I can give you the balance of the appropriation. I have not the figures here to show what it should have been at the time we made the estimate.

Senator PHIPPS. Well, it came out about even with the appropriation, did it not, in 1918. It shows \$1,178,244.68, but that was apparently wrong.

Senator HENDERSON. That would have been right, I suppose, with the new amount to be in the place of \$1,270,000.

Senator PHIPPS. It may be. Well, you came out even on your appropriation for 1918. Now, what did you expend in 1919 as against the \$2,160,000 appropriated?

Mr. MARSCHALK. I gave you the total appropriation for 1919. I did not give you the expenditures, because we have not used up entirely the 1919 appropriation yet. We will use it. I consider it will be used up. The figures I gave you awhile ago—

Senator PHIPPS. Well, please bear in mind we are speaking of the fiscal year 1919.

Mr. BARROWS. Our expenditures continue for two years after the close of the fiscal year.

Mr. MARSCHALK. That is, the appropriation is alive for two years.

The CHAIRMAN. How much did you spend? You have not that?

Mr. MARSCHALK. I can only give you accurately right now the balance that is now in the 1919 appropriation. I can give you that up to 2.30 yesterday.

Senator PHIPPS. All right; let us have that, and we have the \$2,061,000, and we can get it.

Mr. MARSCHALK. Left in the 1919 appropriation, we have a balance of \$150,124.91.

Senator STERLING. Your expenditures include simply the indemnities paid?

Mr. MARSCHALK. Yes. I considered we would expend the appropriation in giving those figures awhile ago. I gave the total receipts for fees, and I gave the total appropriation, and what was left was a paper balance for the department.

Senator PHIPPS. You expended, then, in 1919, \$1,911,368.54.

Mr. MARSCHALK. That was up yesterday, but we are going to spend all of that. That does not include many cases already filed and many will yet be filed, Senator.

Senator PHIPPS. Well, just at that point, what ultimate is there, if the sender can put in a claim any time for loss or damage?

Mr. MARSCHALK. A sender has a right to file a claim any time within six months following the mailing of the parcel, but the department has extended that, not without limit, but within a reasonable limit, by warning the claimants that any further claim submitted not within the six months would not be passed upon favorably. We had to do that, because so many people failed to take care of their interests, and then proceeded immediately to knock the Postal Service because their claims were turned down. We keep an accurate index of all of those individuals, and where a question of time waiver comes up that index is consulted, and if the man has had a notice we do not allow his subsequent claim. If he has not had a notice, we go ahead and allow his claim.

Senator STERLING. Are many of these claims disputed claims?

Mr. MARSCHALK. In what, Senator?

Senator STERLING. I mean in this: As to whether or not the Postal Service is responsible for the loss?

Mr. MARSCHALK. Well, we have had many such claims in connection with the military, so far as registered mail is concerned, but not on insured and C. O. D.

The CHAIRMAN. What was your actual appropriation for 1920?

Mr. MARSCHALK. Up to date, 1920, is \$2,100,000, including that \$500,000 which the House has just allowed. \$1,600,000 was the amount allowed in the original appropriation.

The CHAIRMAN. \$1,600,000?

Mr. MARSCHALK. Yes, sir.

The CHAIRMAN. Then, you have your deficiency for \$500,000?

Mr. MARSCHALK. Yes; a total of \$2,100,000, 1920.

The CHAIRMAN. Do you think that is going to take care of your losses for 1920?

Mr. MARSCHALK. Yes; we think it will. We can not tell, of course.

The CHAIRMAN. You are asking for \$900,000 more?

Mr. MARSCHALK. For \$2,100,000 altogether, 1920.

The CHAIRMAN. Yes; that is right; \$900,000 and \$2,100,000 makes a total of \$3,000,000.

Senator PHIPPS. Have you the data as to the proportionate loss in the United States Railway express on packages they handled? Do you know what their records show?

Mr. MARSCHALK. No, sir; but I know this, Senator, that during the war the losses in the express service were terrific, but what the conditions are—now, well, I am not certain about the conditions; I know they are having their troubles. I saw a letter from some post-

master (who was also an express agent) in Maryland who had written the letter on the back of a warning notice that had been sent out from express headquarters, and the warning notice, as I remember it, showed losses right in that particular little express district—I do not remember the figures exactly, but it was up in the thousands of dollars; \$33,000, it seems to me, and in a very small express district.

The CHAIRMAN. You wish to convey the impression that the losses on the express business are greater than in the Postal Service?

Mr. MARSCHALK. No; I do not want to say that; but I know they have had heavy losses. One of the officials of the American Railway Express told me they have been having their troubles, and they have plenty of them.

Senator STERLING. Well, now, were your losses greater on account of the war? Are there greater expenditures for 1917 and 1918 and 1919 due to war conditions?

Mr. MARSCHALK. I do not think the 1919 expenditures—part of the 1919 expenditures may be attributable to war conditions—but, as I stated, I do not think the ratio of loss increased beyond the normal amount that might be expected in such a big business.

The CHAIRMAN. Do you think there have been any abnormal losses?

Mr. MARSCHALK. Only at certain points in the service.

The CHAIRMAN. Well, what do you mean by that?

Mr. MARSCHALK. Well, take New York City, for instance; the conditions incident to the express strike and the labor conditions threw unusual burdens upon the Postal Service and tended to produce abnormal local conditions, but the general conditions, I should say, are not abnormal.

Senator HENDERSON. You made an expenditure of \$371,449.17 in 1917 and \$1,178,244 in 1918?

Mr. MARSCHALK. Yes, sir.

Senator HENDERSON. And \$1,270,695 in 1919?

Mr. MARSCHALK. Yes; but the figures jump by the millions—the figures of mailings.

Senator HENDERSON. I suppose, just as Mr. Blakslee was explaining awhile ago as to the expenses in the tags and things like that, the great increase in the volume of business must be considered.

Mr. BARROWS. Senator, if you will allow me, any changes like increases in the weight limits and changes in the fees affect those things very materially. For instance, the minimum fee was 5 cents on September 1, 1915, and they reduced that to 3 cents. The line showing increase in insured parcels climbed right on up. July 1 they discontinued the preparation of the insurance tag, and that made the insured mails very much more popular. On March 15, 1918, by and with the consent of the Interstate Commerce Commission, the Postmaster General increased the limit of weight from 50 to 70 pounds in the first, second, and third zones and 20 to 50 pounds in the remaining zones, and that also served to increase the mailings of insured parcels. Of course that was during the war.

The CHAIRMAN. And that increased the value of the packages?

Mr. BARROWS. Increased the value and also the proportionate number of losses.

Senator HENDERSON. There must be something to explain that, because it is more than three times as much in 1918 as it was in 1917.

Mr. BARROWS. Now, I will make this explanation: We took 3,000,000 boys out of the homes of this country and concentrated them in camps. If those boys had been at home they would not have received much parcel post, but immediately they got into the camps we all conceived the idea that they must be taken care of, and the amount of parcel-post mail sent to the cantonments was tremendous.

The CHAIRMAN. When they went home that should reduce it to some extent.

Mr. BARROWS. We have reduced the proportion to some extent.

Mr. MARSCHALK. The normal increase of business since the war has more than taken up the increase incident to the cantonments.

Senator HENDERSON. It is not so very far back—1908—when this table begins, and the estimate and the appropriation then for the service was \$5,000.

Senator PHIPPS. But you did not have the parcel post then?

Mr. BARROWS. That was only for lost registered mail.

Senator HENDERSON. Yes; and you expended \$4,667.68.

The CHAIRMAN. Has your registered mail increased, too?

Mr. MARSCHALK. Yes, sir.

The CHAIRMAN. In any such proportion as the other?

Mr. MARSHALL. It has increased very largely. I have not the figures, except for 1917 and 1918. Domestic paid registrations in 1918 were 37,000,000, as compared with 50,000,000 in 1919. Now, the official free, for instance, went from 6,000,000 to 10,000,000 in 1918.

Mr. BARROWS. Senator, I would like to make a statement; I do not care about it going in the record, but there was a statement made not long ago by the Treasury Department that there was handled by registered mail during the Liberty-loan campaigns and in the process of handling the Liberty bonds a very large amount of those securities without a dollar of loss.

Senator PHIPPS. Now, is not the answer to that the fact that the prohibition movement has sort of altered the morality of employees, so that any package which may be suspected of containing useful liquids is one that appeals to them?

Mr. BARROWS. You can not send liquor in the mail?

Senator PHIPPS. You do not have any liquor in the mail?

Mr. BARROWS. No.

Senator PHIPPS. Liquor is prohibited from the mail.

Mr. BARROWS. Occasionally we have a case, but if discovered it is immediately confiscated and destroyed.

Senator PHIPPS. Now, that very statement of Government securities being sent by registered mail—and is not the same thing true of registered letters, that your percentage of loss on them is relatively small as compared to your loss in packages?

Mr. BARROWS. Oh, very much so.

Senator PHIPPS. Now, you are giving us a percentage there of one twenty-fifth of 1 per cent, or 1 in 400 articles that are insured by registered mail either lost or damaged in transit.

Mr. BARROWS. Yes, sir.

Senator PHIPPS. Now, does not that strike you as an abnormally high percentage of loss, 1 in 400, when you can practically eliminate loss on registered letters?

Mr. MARSCHALK. The registry service, Senator, has nothing to do with the Parcel Post Service. That item of 1 to 400 includes, as I stated, the loss, rifling, and damage of insured parcels. That is one-quarter of 1 per cent, and I say that is pretty small, in view of the great congestion on the railroads that carried this matter.

Senator PHIPPS. Can you tell us how many prosecutions you have had for tampering with the mails?

Mr. MARSCHALK. That is a matter for the chief inspector. A great many of them, of course, and while I am not certain about it I think possibly mention is made of that in the official report of the Postmaster General.

Mr. BARROWS. Senator, relative to the losses, I should like, if you would be willing, to have the letter on page 201 of the hearings before the House committee inserted in the record. This is a letter addressed to the Third Assistant Postmaster General by the postmaster at Pittsburgh, which shows very conclusively that a great many losses complained of are for parcels that never reach the Postal Service at all, and the Postal Service is not liable for. It is a short letter.

The CHAIRMAN. What page?

Mr. BARROWS. Page 201.

Senator PHIPPS. It is not necessary to repeat it; it is already in.

Mr. BARROWS. Very well; I would like to have you read it.

Mr. MARSCHALK. Senator, I think possibly awhile ago when you mentioned the percentage of loss in the registry service as compared with the insurance service what you had in mind was receipts from the start of the insured parcel to its delivery. We could not possibly conduct postal service on that basis on the schedule of fees that we have, and the public would not pay any higher fees.

Senator HENDERSON. According to the letter here you would get the inference this loss of the Graphophone Co. was due to outside influences and not in the service.

Mr. MARSCHALK. Yes. Robert H. Ingersoll & Co., New York, watch manufacturers, have adopted a plan of sealing the mail sacks at their plant and keeping them sealed, not letting the seal be broken until they get the sacks down to the post office; their losses were getting so heavy.

Senator PHIPPS. From the factory to the post office?

Mr. MARSCHALK. Yes.

Senator PHIPPS. Well, this letter to the postmaster at Pittsburgh it seems to me is strong evidence to the effect that there are certain classes of shipments that are purloined.

Mr. BARROWS. Yes, sir; those that can be readily disposed of.

Senator PHIPPS. And those that people want generally for their personal use.

The CHAIRMAN. Well, do some of these losses occur, in your judgment, at the office where the packages are packed? For instance, if a man buys an article at a store and has it sent by parcel post and leaves directions at the store to have it sent in a certain condition and mail it to him, have these losses occurred in the office where the package is packed?

Mr. BARROWS. It does, but not on insured mail. You see, they would have to have an insurance receipt; they give a receipt for insured mail and consequently it would have to be delivered to the postmaster or post office.

Senator PHIPPS. But you take the shipper's word as to what the contents of the package are?

Mr. BARROWS. Oh, yes; I did not catch your point.

Mr. MARSCHALK. That is the same situation I mentioned, exactly, with the Ingersoll people. Some one goes to a store and buys an article and leaves it up to the store to ship it by insured mail. The shipping clerk for the store has the same opportunity to steal as he has on the ordinary parcel that might go out from the store and we have to accept the sworn statement of the authorized employee when the goods were forwarded.

Senator PHIPPS. But if you had a number of claims on packages shipped by some particular merchandizing house it would put you on inquiry as to the accuracy of their records.

Mr. MARSCHALK. Yes. We have had a number of cases of that kind and have taken them up and had corrective action taken.

Senator PHIPPS. Do you know of cases where postal employees have been let out of the service on account of disappearance or damage to packages?

Mr. MARSCHALK. Oh, any number of those cases right straight along.

Mr. BARROWS. Cases every day, practically; throughout the country.

Senator PHIPPS. You do not know how complete the detective system employed by the department is, do you? That does not come under your supervision?

Mr. BARROWS. No; that is under the chief inspector, who is attached to the Postmaster General's office direct.

Mr. MARSCHALK. That is worked out under a general scheme. Every time a complaint is filed, a special form for use of the chief inspector's office is filled out, the particulars of mailing, giving the names of the persons involved in reporting the letter or package or whatnot; that is filed in the offices of the different inspectors in charge under a general scheme which they have of detecting lines of theft.

The CHAIRMAN. Are you successful in any considerable number of cases in detecting the offender?

Mr. MARSCHALK. The chief inspector has many prosecutions.

The CHAIRMAN. You do not know whether there have been many convictions?

Mr. MARSCHALK. Yes, sir; there have been many convictions, but the Federal courts do not impose the sentences that we sometimes would like to have.

The CHAIRMAN. Are they generally employees of the Post Office Department, or are they found guilty?

No sir; they just uncovered a big theft in New

York, I believe, was involved with some

several outsiders involved with the em-

ployee was a chauffeur of one of the auto-

icks. They rented a room, and the chauff-

feur, on his way down to the office, would shoot over to the location of the room they had rented, and these confederates would come out and take the articles in, and he would get back on his route. I am not certain of these figures, but I think about \$100,000 worth of material was found there.

The CHAIRMAN. How promptly do you pay the claims when they have been filed?

Mr. MARSCHALK. If a loss occurs, we permit the claim to be filed, but we do not permit its completion at the office of address until 30 days after the mailing of the parcel, because frequently, in many instances, delays come in transit, and the parcel turns up; and if we permitted the completion too soon we would have many claims in which we would make erroneous payments. A damage claim, of course, is different—the evidence is there—and if the postmaster and the parties concerned in the claim are prompt, the claim ought to get into the hands of the disbursing officer and be paid in a few days.

The CHAIRMAN. Are there any considerable number of uncompleted claims now pending that have not been paid?

Mr. MARSCHALK. Yes.

The CHAIRMAN. How many?

Mr. MARSCHALK. Incident to the Christmas holidays, they are coming in fast and we are getting a great deal of work. We expect to be current with the work shortly. Up to the Christmas holidays we were in good condition and we are now, considering.

The CHAIRMAN. I know in some cases claims against the Government drag along for a long time.

Mr. MARSCHALK. Well, the parcel-post claims do not do that. There was a time during the war when we would not have the same set of employees any 30 days; that we were very much delayed, but that condition does not exist now.

Senator HENDERSON. What is the condition to-day in regard to the turnover in your department?

Mr. MARSCHALK. I do not know the department as a whole.

Senator HENDERSON. Can you answer that, Mr. Barrows?

Mr. BARROWS. In our bureau, Senator, the turnover is getting better, but it is very bad. I will say this, on payment of indemnities: That in Mr. Marschalk's division, on the 1st day of March, 1918, where ordinarily 68 clerks are employed, but 24 of them had been with him more than 12 months.

Senator PHIPPS. That was because you were affected by men going into the service?

Mr. BARROWS. Yes.

Senator HENDERSON. To what do you attribute the large turnover?

Mr. BARROWS. Outside employment.

Senator HENDERSON. I think that is rather helpful on our reclassification.

The CHAIRMAN. Quite so.

Senator HENDERSON. As to whether or not the salaries will hold men in the service?

Mr. BARROWS. Outside employment, principally in accounting, stenography, and law.

Senator HENDERSON. Do you know what they pay outside for similar work that these clerks do in your department?

Mr. BARROWS. No; I am not in position to say authoritatively. I know where they have offered our girl stenographers \$1,500 where they were being paid on the basis of \$1,200 plus \$240.

Senator HENDERSON. Where did those offers come from?

Mr. BARROWS From patent lawyers offices and other law offices, and in one instance that I recall the salary in excess of ours was offered by a bank.

Mr. MARSCHALK. I have an operator transcribing dictation from a machine who gets \$1,440—basic salary, \$1,200, and a bonus of \$240—who goes to a patent attorney's office a couple of hours or so, not to exceed two hours an evening, and she made \$40 the other week on extra time.

Senator PHIPPS. I would like to get clear on this time limit within which claims for loss may be filed. It seems to me if a claim has not been entered within a reasonable length of time it should be outlawed; that the door should not be left open for a period of two or three years, and you tell us you still have a balance over for 1919 that will probably be used up by claims. Now, are those claims that have been already filed, or that you expect will be filed, even at this late date?

Mr. MARSCHALK. We had to let the bars down, Senator, commencing with the military cases; conditions were such that senders of mail did not receive advice frequently of the nonreceipt of the parcels, and it would have been manifestly unfair to not allow those claims. The proportion to the whole is slight, and the few additional dollars that the department has expended certainly have healed over an otherwise open sore against the Government.

Senator PHIPPS. Yes; I can understand that, and would approve it, but those conditions are abnormal, and those conditions are all over now.

Mr. BARROWS Senator, people are now filing their claims for packages sent them when they were in cantonments in this country.

Senator PHIPPS. Well, that is not a great bulk of the business that went to the boys when in the cantonments and when they were abroad; and that is a matter of the past now.

Mr. MARSCHALK. I figure, Senator, that beginning with the 1st of July, 1920, we will discontinue the extension of time limit on claims.

Senator PHIPPS. Then, what will your limit be?

Mr. MARSCHALK. Six months.

Senator PHIPPS. That is what I wanted to get at.

Mr. MARSCHALK. Unless they come in with some very good evidence—

Senator PHIPPS. What I was trying to get at was your reasonable rule, what that will be.

Mr. MARSCHALK. Six months.

Senator STERLING. It is a matter of rule and regulation.

Mr. BARROWS. Yes, sir; the Postmaster General issues a regulation.

The CHAIRMAN. Now, if the appropriation is not made sufficient to cover the fiscal year, then you have to put in a claim for deficiency, as you did this year?

Mr. BARROWS. Yes, sir. Senator, this is the only appropriation for the Post Office Department in which the department comes directly in contact with the public. Other appropriations handled by the department are paid to the members of the service or contractors, but in this the relation is with John Jones or Bill Smith. If we do not

have the money they immediately get after the Congressmen and Senators, as you well know, and the department with inquiries as to why they do not get their money. We were without money four months last year, unfortunately.

The CHAIRMAN. What did you do then?

Mr. BARROWS. Just filed the approved claims in the auditor's office—\$387,000 piled up; many thousands of claims were represented, and I am satisfied that nearly every one of them wrote the department, and a great many of them wrote to the Congressmen and Senators.

Senator PHIPPS. Now, there is a clause in section 3, at the end of this proposed bill I would like to call your attention to, the bill as formulated by the House, section 3 on page 73:

That if the revenues of the Post Office Department shall be insufficient to meet the appropriations made by this act, a sum equal to such deficiency of the revenue of said department is hereby appropriated, to be paid out of any money in the Treasury not otherwise appropriated, to supply said deficiencies in the revenues for the Post Office Department for the year ending June 30, 1921, and the sum needed may be advanced to the Post Office Department upon requisition of the Postmaster General.

Of course, that would not exactly be a case where you were insisting the amount to be allotted to you by appropriation.

Mr. BARROWS. No, sir; we could not do that.

Senator HENDERSON. That is only with reference to the insufficiency of the revenues.

Mr. BARROWS. That is all.

Senator HENDERSON. And with no revenue.

Senator PHIPPS. Oh, yes; revenue, but it is in the general fund.

Senator HENDERSON. Yes.

The CHAIRMAN. I do not know of anything further.

Mr. BARROWS. Senator, one moment, please, relative to the number of arrests for mail tampering. The Postmaster General in his annual report, on page 121, says:

Three thousand and ninety-eight arrests were made against 2,870 in 1918, evidencing the effort made by the department to apprehend those who have been guilty of the theft or rifling of matter in transit through the mails.

The CHAIRMAN. I do not think it is evidence of that; I think it is evidence of the fact there have been more thefts. It does not necessarily indicate that they have been more active, unless they let the law violators go in 1918, and did not try to apprehend them, but it answers one of the questions.

Well, I guess that is all this morning. If we need some special facts we will call on you a little later; much obliged to you.

Mr. BARROWS. I wish to say this in regard to the post office inspection service, that in the estimation of the people in the Postal Service the British northwest police have nothing on the post-office inspectors; they may not get the offenders this week or next week, but they get them sooner or later always. I do not think anybody can point to but few, if any, cases in the last 20 years of any magnitude where they have not finally got their man.

Senator HENDERSON. You mean in the service?

Mr. BARROWS. The activities of post-office inspectors are confined to the Postal Service.

The CHAIRMAN. Very well.

(Whereupon, at 1.30 o'clock p. m., the committee adjourned.)

# POST OFFICE APPROPRIATION BILL, 1921.

**MONDAY, FEBRUARY 9, 1920.**

UNITED STATES SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON  
POST OFFICES AND POST ROADS,  
*Washington, D. C.*

The subcommittee met, pursuant to adjournment, at 10.30 o'clock a. m. in the committee room, Capitol, Senator Charles E. Townsend presiding.

Present: Senators Townsend (chairman), Phipps, and Henderson.

The CHAIRMAN. Mr. Praeger, are you prepared to give us an estimate of the cost of the various proposed aeroplane routes that you wish to establish? You have one extending from Chicago to the coast, for instance. Have you that estimate this morning?

## **STATEMENT OF MR. OTTO PRAEGER, SECOND ASSISTANT POST-MASTER GENERAL.**

Mr. PRAEGER. Senator, I wrote a letter in answer to the request of the clerk of your committee giving the cost of the route from here to Omaha and then the cost of the extension separately. That letter was sent to you in care of the committee, giving the details for each of the five routes.

The CHAIRMAN. I have that letter before me and will incorporate it in the record at this point.

(The letter referred to is here printed in full as follows:)

POST OFFICE DEPARTMENT,  
*Washington, February 6, 1920.*

Hon. CHARLES E. TOWNSEND,  
*Chairman Committee on Post Offices and Post Roads,*  
*United States Senate.*

MY DEAR SENATOR TOWNSEND: In response to telephonic request from the clerk of the Senate Committee on Post Offices and Post Roads for an analysis of the cost of the extensions and new service recommended by the Post Office Department for the next fiscal year in the air mail, I am sending you herewith a tabulation giving the cost of continuing the service in effect on June 30, 1920, for the next fiscal year, and in addition the detailed cost of the proposed extensions and new service.

Sincerely yours,

OTTO PRAEGER,  
*Second Assistant Postmaster General.*

The CHAIRMAN. The memorandum of information referred to in the letter is also before me, and reads as follows:

*Service to be extended.*  
NEW YORK-OMAHA-SAN FRANCISCO.

|   | New York<br>to Omaha,<br>1,150 miles. | Proposed<br>extension<br>Omaha to<br>San Fran-<br>cisco, 1,480<br>miles. | Total, New<br>York to San<br>Francisco,<br>2,630 miles. |
|---|---------------------------------------|--|---|
| General overhead.....                     | \$24,000                              | \$36,000   | \$60,000  |
| Rent, light, heat, phone, water, etc..... | 1,804                                 | 2,708  | 4,512   |
| Field trucks and upkeep.....              | 1,040                                 | 1,560  | 2,600   |
| Interest on investment at 6 per cent..... | 26,400                                | 39,600   | 66,000  |
| Depreciation at 33½ per cent.....         | 58,667                                | 87,999   | 146,666   |
| Employees at various fields.....          | 77,080                                | 115,620  | 192,700   |
| Pilots and plane crews.....               | 51,200                                | 76,800   | 128,000   |
| Gasoline, at 33 cents.....                | 134,062                               | 201,095  | 335,157   |
| Lubricating oil, at 60 cents.....         | 14,624                                | 21,938   | 36,562  |
| Replacement of plane parts.....           | 28,000                                | 42,000   | 70,000  |
| Miscellaneous field expenses.....         | 11,520                                | 17,280   | 28,800  |
| Wireless and maintenance.....             | 19,000                                | 28,500   | 47,500  |
| Emergencies, forced landings, etc.....    | 67,200                                | 100,800  | 168,000   |
| <br>Total.....                            | 514,597                               | 771,900  | 1,286,497   |
| Less depreciation and interest.....       | 85,066                                | 127,600  | 212,666   |
| <br>Cash cost of operations.....          | 429,531                               | 644,300  | 1,073,831   |
| Field equipment.....                      | 22,400                                | 33,600   | 56,000  |
| Plane equipment.....                      | 80,000                                | 420,000  | 500,000   |
| <br>Total appropriation necessary.....    | 531,931                               | 1,097,900  | 1,629,831   |

## NEW YORK-WASHINGTON-ATLANTA.

|  | New York to<br>Washington,<br>200 miles. | Proposed<br>extension,<br>Washington<br>to Atlanta,<br>650 miles. | Total, New<br>York to<br>Atlanta,<br>850 miles. |
|--|--|---|---|
| General overhead.....                      | \$5,634                                  | \$16,902  | \$22,536  |
| Rent, light, heat, phone, water, etc.....  | 423                                      | 1,269   | 1,692   |
| Field trucks and upkeep.....               | 244                                      | 731   | 975   |
| Interest on investment, at 6 per cent..... | 8,200                                    | 24,600  | 32,800  |
| Depreciation, at 33½ per cent.....         | 18,333                                   | 55,000  | 73,333  |
| Employees at various fields.....           | 24,087                                   | 72,261  | 96,348  |
| Pilots and plane crews.....                | 17,625                                   | 52,875  | 70,500  |
| Gasoline, at 33 cents.....                 | 33,019                                   | 99,058  | 132,077   |
| Lubricating oil, at 60 cents.....          | 3,602                                    | 10,806  | 14,408  |
| Replacements of plane parts.....           | 7,500                                    | 22,500  | 30,000  |
| Miscellaneous field expenses.....          | 3,600                                    | 10,800  | 14,400  |
| Wireless and maintenance.....              | 4,750                                    | 14,250  | 19,000  |
| Emergencies, forced landings, etc.....     | 18,000                                   | 54,000  | 72,000  |
| <br>Total.....                             | 145,017                                  | 435,052   | 580,069   |
| Less depreciation and interest.....        | 26,533                                   | 79,600  | 106,133   |
| <br>Cash cost of operations.....           | 118,484                                  | 355,452   | 473,936   |
| Field equipment.....                       | 7,000                                    | 21,000  | 28,000  |
| Plane equipment.....                       | 25,000                                   | 100,000   | 125,000   |
| <br>Total appropriation necessary.....     | 150,484                                  | 476,452   | 626,936   |

## TWIN CITIES-ST. LOUIS (600 MILES).

|  |  |          |
|--|--|----------|
| General overhead.....                      |  | \$16,000 |
| Rent, light, heat, phone, water, etc.....  |  | 1,128    |
| Field trucks and upkeep.....               |  | 450      |
| Interest on investment, at 6 per cent..... |  | 7,400    |
| Depreciation, at 33½ per cent.....         |  | 18,668   |
| Employees at various fields.....           |  | 48,174   |
| Pilots and plane crews.....                |  | 36,000   |
| Gasoline, at 33 cents.....                 |  | 87,000   |
| Lubricating oil, at 60 cents.....          |  | 14,000   |
| Replacement of plane parts.....            |  | 15,000   |
| Miscellaneous field expenses.....          |  | 7,200    |
| Wireless and maintenance.....              |  | 9,500    |
| Emergencies, forced landings, etc.....     |  | 48,000   |
| <br>Total.....                             |  | 308,520  |
| Less depreciation and interest.....        |  | 26,068   |
| <br>Cash cost of operations.....           |  | 282,452  |

|   |                |
|---|----------------|
| Field equipment.....                      | \$28,000       |
| Plane equipment.....                      | 142,000        |
| <b>Total appropriation necessary.....</b> | <b>452,452</b> |

NOTE.—This is service to be continued after June 30, 1920, but not extended.

*Routes proposed to be created during next fiscal year.*

|   | Pittsburgh-Kansas City,<br>850 miles. | Detroit-Toledo-Cleveland,<br>360 miles. |
|---|---------------------------------------|---|
| General overhead.....                           | \$22,536                              | \$13,138                                |
| Rent, heat, light, phone, water, etc.....       | 1,692                                 | 743                                     |
| Field trucks and upkeep.....                    | 975                                   | 447                                     |
| Interest on investment at 6 per cent.....       | 32,800                                | 10,907                                  |
| Depreciation, at 33 $\frac{1}{3}$ per cent..... | 73,333                                | 22,541                                  |
| Employees at various fields.....                | 96,348                                | 35,720                                  |
| Pilots and plane crews.....                     | 70,500                                | 21,814                                  |
| Gasoline, at 33 cents.....                      | 120,070                               | 54,535                                  |
| Lubricating oil, at 60 cents.....               | 14,408                                | 5,700                                   |
| Replacements of plane parts.....                | 30,000                                | 17,800                                  |
| Miscellaneous field expenses.....               | 14,400                                | 7,684                                   |
| Wireless and maintenance.....                   | 19,000                                | 4,150                                   |
| Emergencies, forced landings, etc.....          | 72,000                                | 27,000                                  |
| <b>Total.....</b>                               | <b>568,062</b>                        | <b>222,179</b>                          |
| Less depreciation and interest.....             | 106,133                               | 33,448                                  |
| <br>Cash cost of operations.....                | <br>461,929                           | <br>188,731                             |
| Field equipment.....                            | 28,000                                | 60,000                                  |
| Plane equipment.....                            | 180,500                               | 250,000                                 |
| <br><b>Total appropriation necessary.....</b>   | <br><b>795,429</b>                    | <br><b>498,731</b>                      |

Mr. PRAEGER. Summarizing these figures: It will cost \$857,000 for operations and \$354,400 for replacements and equipment, or a total of \$1,211,400 to continue for the next fiscal year the air mail operations in force on June 30, 1920.

The cost of operating the proposed extensions and new service recommended by the department would be \$1,650,412; the cost of the equipment for fields and planes for the proposed extensions and new service would be \$1,093,100; or a total cost of operations and equipment for the additional service recommended of \$2,743,512.

If you add to this sum of \$2,743,512 the sum of \$1,211,400, which is the cost of continuing the service in force June 30, 1920, the total will be \$3,954,910. Inasmuch as it would be impossible to begin operations on the proposed extended service for a period of four to five months after the money would become available on July 1, 1920, through inability to obtain equipment in less time from the plane manufacturers, it would not be possible to expend the entire sum of \$3,954,910, but it would require the sum of \$3,400,773 to continue operation of the service in existence at the beginning of the new fiscal year and to establish and operate the new service eight months of the next fiscal year, and this is the amount that it is recommended be appropriated.

The CHAIRMAN. That includes the route from New York to Chicago?

Mr. PRAEGER. Yes, sir.

The CHAIRMAN. It also includes a line already in operation to Omaha, but the extension is from Omaha to San Francisco?

Mr. PRAEGER. That is correct, Senator.

The CHAIRMAN. As I understand it, the total appropriation that you are asking for next year on account of the line from New York to San Francisco is \$1,629,821?

Mr. PRAEGER. Yes, sir.

Senator PHIPPS. Do you provide for anything between Chicago and Omaha, or have you provided anything for that route up to date?

Mr. PRAEGER. The hangars are completed and the equipment is coming in, and the line ought to be in operation in about three weeks.

Senator PHIPPS. You are taking care of that part of the Chicago-Omaha line out of this year's appropriation?

Mr. PRAEGER. Yes, sir.

The CHAIRMAN. You estimated for a line from New York to Washington to Atlanta. The estimate for the extension of the line from Washington to Atlanta is \$476,452, which added to the cost of the line between New York and Washington, would make a total appropriation for that line of \$626,936. Is that correct?

Mr. PRAEGER. Yes, sir.

Senator PHIPPS. What is the mileage from Washington to Atlanta?

Mr. PRAEGER. Six hundred and fifty miles.

Senator PHIPPS. What mail would be handled over that proposed route? Would that take the New Orleans and Texas mails?

Mr. PRAEGER. It would take all of the Atlanta connections south to Florida and westward through the Gulf States to New Orleans.

Senator PHIPPS. Does that give your Texas points, like Galveston and Houston, service?

Mr. PRAEGER. I imagine on account of the rate of speeding up it might be possible, but not now. The Texas points are covered out of St. Louis.

Senator PHIPPS. That is what I was trying to get at.

Mr. PRAEGER. Yes.

The CHAIRMAN. Another route for which you estimate is from the Twin Cities to St. Louis, 600 miles.

Mr. PRAEGER. That is Minneapolis and St. Paul to Chicago, and then Chicago to St. Louis.

The CHAIRMAN. That is the line from St. Louis to Chicago and thence to the Twin Cities?

Mr. PRAEGER. Yes.

The CHAIRMAN. You have none of that route established now?

Mr. PRAEGER. No, sir. I can start out this spring. The appropriation will last to start it this spring. The people in those cities understand that we will run until June 30. They are going to furnish landing fields and hangars, and I have enough money to run a single-motor plane on that line.

The CHAIRMAN. You say the service is to be continued after June 30, 1920, but not extended. What do you mean by that?

Mr. PRAEGER. The service will be in operation until June 30. Then if it is desired to continue it that appropriation will be necessary for next year.

The CHAIRMAN. Out of your present appropriation you have enough money to operate lines that you are operating now and to start this other one and run it until June 30?

Mr. PRAEGER. I can run what we are now running, and with a single-motor De Haviland plane operate to Minneapolis and to St. Louis.

The CHAIRMAN. That can be run daily?

Mr. PRAEGER. Six times a week, daily except Sunday.

The CHAIRMAN. With a single car do you mean you can make the round trip?

Mr. PRAEGER. One round trip a day.

Senator PHIPPS. You would not include Omaha with that same car?

Mr. PRAEGER. Oh, no.

The CHAIRMAN. For service between St. Louis, Chicago, and the Twin Cities after June 30 of this year you have estimated for installing that service and operating it, and all the other items that enter into it, \$452,452. That is between St. Louis and Chicago and the Twin Cities?

Mr. PRAEGER. That is correct, Senator.

The CHAIRMAN. You have stated that you have money enough in this year's appropriation to operate one plane and you have practically made provision for operating it on this route until June 30 of this year, one plane making a round trip daily, six days a week?

Mr. PRAEGER. Yes, sir.

The CHAIRMAN. We come next to the Pittsburgh-Kansas City route which you propose to establish. That is a distance of 850 miles?

Mr. PRAEGER. Yes.

The CHAIRMAN. You estimate the cost of that route for the next year will be \$795,429.

Mr. PRAEGER. Yes, sir.

The CHAIRMAN. For the Detroit-Toledo-Cleveland route, 360 miles in length, your estimate is \$498,731. Neither of those routes, I understand, has been established?

Mr. PRAEGER. Those are brand new routes.

The CHAIRMAN. You have done nothing on those routes?

Mr. PRAEGER. No, sir.

Senator PHIPPS. That is Pittsburgh to Kansas City?

Mr. PRAEGER. Yes, sir.

Senator PHIPPS. What points would you serve en route?

Mr. PRAEGER. We would have to cover Cincinnati, being a gateway en route to St. Louis. Those are the two main points. We will probably make arrangements for a one-way service, dropping mail at Indianapolis from the East and again dropping it at Indianapolis coming from the West. However, that has not yet been determined.

The CHAIRMAN. You can make Pittsburgh to Cincinnati in one flight of 300 miles, in round figures?

Mr. PRAEGER. Yes, sir.

The CHAIRMAN. And Cincinnati to St. Louis is something less than that?

Mr. PRAEGER. Yes. The rail mileage from Pittsburgh to Kansas City is 903 and the air mileage 850. Tentatively, our schedule is to leave Pittsburgh about 7 o'clock in order to take on the plane the night mail coming in the night from New York. We could get into Cincinnati between 10 and 10.30 in the morning. We could get into St. Louis at noon or at 12.30, for the afternoon delivery. We would get into Kansas City about 4.30 that evening.

The CHAIRMAN. You would be a little later than that at St. Louis, would you not?

Mr. PRAEGER. We gain an hour, you see, by the change in time.

Senator PHIPPS. Yet it was the one that was first tested out successfully on the summit of Pikes Peak, at an elevation of over 14,000 feet.

Mr. PRAEGER. Yes, sir. The Liberty engine can be put up to about 16,000 to 18,000 feet, but that is about its limit. You can not operate a regular commercial service in an altitude of 9,000 or even 8,000 feet with an engine that has only 14,000 or 18,000 possible climbing possibilities.

Senator PHIPPS. I am surprised at what you tell us about Salt Lake City, because their elevation is only about 5,000 to 6,000 feet.

Mr. PRAEGER. Two Army officers who have flown there tell me of the difficulty of getting off. One, I believe, made two or three round trips, going to California on the southern route and coming back over the central route. He stated it was almost impossible on a number of occasions there to take the De Haviland off of the ground. There are other things besides mere altitude. A stale, flat atmosphere affects the taking off of a plane, too.

Senator PHIPPS. Then are we to understand that on the Omaha to San Francisco route you would need new planes?

Mr. PRAEGER. We would have to buy them. We would have to buy special planes. We would use the 300-horsepower Hispano engines, of which the Army has plenty.

Senator PHIPPS. You would have the double-engine plane for that work?

Mr. PRAEGER. Yes, sir.

Senator PHIPPS. On the Washington-Atlanta route what plane would you use?

Mr. PRAEGER. Our plane there would be the single-motor De Haviland or twin-motor De Haviland. Possibly we would use the same from Pittsburgh to Kansas City.

Senator PHIPPS. And from Detroit to Cleveland?

Mr. PRAEGER. Yes. On the New York-Chicago line and the New York-Omaha we would have to add some of the biggest 1,500-pound weight carrying machines, because the capacity of the twin-motor De Haviland is not sufficiently large.

Senator PHIPPS. That would mean new engines as well as new planes?

Mr. PRAEGER. No. We have the motor equipment for these big ships, but it would mean new planes.

Senator HENDERSON. Do I understand you to say that if any additions were made, the one of prime importance would be the addition of the route from Omaha to San Francisco?

Mr. PRAEGER. Yes.

Senator PHIPPS. Yet you would consider that the most difficult route on account of climatic conditions and altitude?

Mr. PRAEGER. It is.

Senator PHIPPS. But it would give the most opportunities for experiment in the aviation line, would it not, because you would have to cross the Rockies and the Sierras, and the climatic conditions would be different from those in the central States?

Mr. PRAEGER. That is true. It would show more new things than we have gone up against in 24 months. If I had my own choice simply to make a record, the Pittsburgh-Kansas City line would be my preference. The flying would be easier. Washington to Atlanta

would be another, because we would have more good flying days, less weather disturbances, less trouble on account of altitude and snow, than we would have from Omaha to San Francisco. But, as I have stated, the Army is anxious for a string of landing fields to be maintained in condition the year around to the Pacific Coast, and that is why we recommend that, as well as from a postal standpoint.

Senator PHIPPS. Do you feel you have gone far enough in the experimental work to justify you taking on the Omaha-San Francisco line this year? Do you feel that is justifiable now rather than to wait another year until you have had the benefit of the experience you will get in the operation of the present lines?

Mr. PRAEGER. The run from Omaha to the Pacific coast will teach us new things that we can not get or have not gotten from the other routes. I think it would be a distinct aviation development of the service if we had to operate from Omaha to San Francisco.

Senator HENDERSON. Would it not be better to consolidate the amounts given under these new lines for the extension of the line from Omaha to San Francisco and put in that line because of the things that you state will come to the service?

Mr. PRAEGER. Of course, we would like to recommend the line from Pittsburgh to Kansas City. It is an important line. We would like to run the line from Cleveland to Toledo and Detroit and back.

Senator HENDERSON. But suppose Congress says that they will put in these new lines that you refer to and not the line from Omaha to San Francisco, or that they will put in the line from Omaha to San Francisco and not the others?

Mr. PRAEGER. With us, the reference would be, if you are going to spend the money on only one extension, to spend it on the run from Omaha to San Francisco, because you get a double value there. You get the military value as well as the postal value.

The CHAIRMAN. You get a demonstration there of certain difficulties which have to be met in aircraft?

Mr. PRAEGER. Absolutely.

Senator HENDERSON. Have we any estimate of what it would cost to put in the service from Omaha to San Francisco?

Mr. PRAEGER. Yes, sir; I have given those figures.

The CHAIRMAN. Do you want to say anything more than what you have said in the letter to the committee with reference to the connections which you make with your aeroplane service?

Mr. PRAEGER. In that memorandum I believe I have covered it fully. However, I do want to say this: We go at such a rate of speed that we overtake two or three trains, perhaps four trains, that have left before the aeroplane leaves. We overtake them before they get to Chicago. We aim to try to hold an 80-mile per hour schedule. That will connect us with train 35. If, however, we miss train 35 the mail can go on train 43 and still be advanced six and three-quarter hours over the train arriving in Chicago that was originally destined to carry the mail. The mail was taken off of train No. 5 and gets to Chicago at 8 o'clock the following morning. It leaves New York at 5.15 in the morning and gets to Chicago at 8 o'clock the following morning. That was the train which took the aeroplane mail. If we do not connect with train 35, we connect with train 43, and that gets into Chicago at 1.15 in the morning and makes the train connec-

tions out of Chicago between 2 and 3 o'clock, so there is no delay, but there is a gain of six and three-quarter hours.

These failures are based on the fact not that they delayed the mail, but that we did not make that train connection. The point is that until this bad winter weather set in in December we had successfully flown day in and day out 529 trips out of 592 in the half year ending December 31, but with December we got some irregularities on account of the weather and in January we had further irregularities.

The whole thing simmers down to only 44 delays in the mail in three months' period, and those delays were of this character. There was a delay of 1 hour and 55 minutes at Chicago. We got there at 9.40 instead of 8 o'clock. We would get to New York at 8 o'clock in the morning instead of 4.45. We would miss one carrier delivery or miss one evening train connection, but we would get the morning newspaper trains out of Chicago between 2 and 3 in the morning.

About 90 per cent of the other trips we would advance that mail from 16 to 24 hours. We would not undertake with the aeroplane as it is to-day to compete with the regularity and dependability of railroad traffic for the 12 months in the year if we did not have that leeway of spare time by reason of our great speed in case we should get into trouble while in flight. We can overtake the train and get the mail through in the same time as though it had gone originally on the train, or often still beat it in a few hours. That is a thing that has guided us in laying out routes; that whatever we do, with the aeroplane if it comes down we will not delay the mail, and in three months of winter flying our delay has been only 44 times and only a few hours at that.

The train service was very irregular during the same period. Train No. 5 was annulled and another train out of New York, that is, a big mail train, was annulled Sunday morning. If the roads could get through snow in New York, we were going to send the Washington mail up to Albany, across the river and bring it back to connect at the Manhattan transfer for Washington. Everything is completely shot to pieces in all land transportation. We are putting mail out from New York to-day and we put it out Saturday by airplane, but it is very difficult owing to the storm and snow.

This year we built snow-skids for the planes, the first time they have ever been built in this country. We are giving them a trial. We have had a lot of handicaps and we can not very well take one month and say the thing is a failure, because we have interference 20 per cent of the time or 15 or 30 per cent of the time. It is the year's average that counts, and the year's average runs about 90 per cent or better of perfect trips.

The CHAIRMAN. I want to call your attention to some things in the bill. On page 48 of the bill, section 3, under your department, you have the following:

For inland transportation by railroad routes, including increases herein-after provided, \$60,000,000: *Provided*, That not to exceed \$1,250,000 of this appropriation may be expended for pay of freight and incidental charges for the transportation of mails conveyed under special arrangement in freight trains or otherwise.

Tell us about that.

Mr. PRAEGER. That is the item known as the blue tag. It is the monthly magazines that are carried by freight train instead of in the mail cars. They send the monthly magazines to be in the distributors' hands ready to go to the public 14 or 10 days before they are put on the news stands. With our arrangement with the publishers, they give them to us so we can deliver them to point of delivery by freight in time to get on the news stands at that date.

The CHAIRMAN. At less expense than the regular mail rates?

Mr. PRAEGER. Yes, sir.

The CHAIRMAN. Why do you increase that amount over last year's appropriation?

Mr. PRAEGER. The freight rates have increased and we thought we were going to run short probably during the present year. We asked for it last year, but the committees forgot about it. They were going to give us an increase then, but they overlooked it and it was not put in the bill. We are going to run short next year if we do not get the increased amount.

The CHAIRMAN. Have you asked for a deficiency appropriation this year?

Mr. PRAEGER. We are going to skin through very narrowly. There have been some things in the publishing trade through the strikes in New York that have changed it somewhat and we have had a little less blue-tag business this year than we had before. Sometimes the publications were printed in Ohio and elsewhere as a temporary proposition.

The CHAIRMAN. Will this tend to decrease the amount paid for space service on the mail trains for other matter?

Mr. PRAEGER. Oh, yes. If the item were eliminated we would have to buy more than that much space on the mail cars.

The CHAIRMAN. You have asked for a considerable increase which shall be left to the discretion of the department in paying for blue-tag service. Will that increase tend to reduce the amount of money which you would otherwise have to expend for space service?

Mr. PRAEGER. If we do not get it we will have to throw more magazines on the mail trains, but this increase would enable us to buy less additional space on the mail trains. There will be some additional saving on it through this increase.

The CHAIRMAN. But this is due largely to the increased cost in transporting and the increased quantity of mail?

Mr. PRAEGER. Yes; the increase of mail and the increase in rates.

Senator PHIPPS. I notice that the appropriation bill for this year makes no reference in this clause to the allowance for aeroplane service. The bill last year included \$850,500 for the purchase of aeroplanes and operation and maintenance, and the appropriation for the total of \$59,625,000, which you tell us now you expect to just get through on, as I understand it?

Mr. PRAEGER. We will just get through on the \$1,250,000.

Senator PHIPPS. But on the total appropriation itself, how will you come out?

Mr. PRAEGER. I estimate a balance on the total appropriation unexpended now indicated of between \$1,500,000 and \$2,500,000. That is a very narrow margin for a contract expenditure involving \$60,000,000, but we will probably have a balance of between \$1,500,000 and \$2,500,000.

Senator PHIPPS. As this item stands here, \$60,000,000, do you figure that you are authorized to use some portion of the appropriation for aeroplane service?

Mr. PRAEGER. No, sir; not as it stands there.

Senator PHIPPS. Because there is no proviso?

Mr. PRAEGER. Because there is no proviso. If the item read "for inland transportation by railroad routes or aeroplanes," we could use money out of this appropriation to make a contract and to pay for the service, and then we would not have authority to purchase, maintain, and operate at Government expense.

Senator HENDERSON. What about the \$1,250,000? Could you use any of that for the aeroplane service?

Mr. PRAEGER. We can not use a thing out of this for that purpose.

Senator PHIPPS. What I want to call your attention to is that instead of this being an increase of \$375,000 over your present appropriation, it is in reality an increase of \$850,000 in addition to that, because the appropriation of last year included \$850,000 for aeroplanes. Now, you are asking for a total increase of \$375,000, but you eliminate the aeroplanes, so that your actual increase over last year's estimate for similar service is \$1,125,500.

Mr. PRAEGER. That is true. When the space basis went into effect, we pruned right down to the limit, intending to build up the service from the bottom, and as additional service was required we intended to put it on. Beginning in December a year ago we had reached bedrock, and from that time on we have been gradually climbing. Taken in connection with the increase in mail, we will need a little more money next year than we do this year, even if the rates had not been increased, simply to take care of the increase in the service.

Senator PHIPPS. What I desire to call your attention to is the fact that out of this appropriation of last year of \$59,625,000 you will have an unexpended balance of about \$1,500,000?

Mr. PRAEGER. I think at least \$1,500,000.

Senator PHIPPS. You are now estimating that you will require for the coming fiscal year \$2,725,000 more than you actually expended during the present fiscal year. We want to cut down estimates and appropriations wherever possible. I would like to know why you ask such a heavy increase as \$2,725,000 for the coming year.

Mr. PRAEGER. That is approximately only 3 per cent increase.

Mr. PHIPPS. No; it is 4½ per cent.

Mr. PRAEGER. There is a steady increase in the amount of mail year by year that we have to take care of.

Senator PHIPPS. It occurred to me that in your figure here you have overlooked the fact that the \$850,000 was an extra item last year and that with what you are going to have left you figure an increase of \$475,000 over what you had last year and that that would let you out, and that you have made it even \$60,000,000 when you probably could have made it \$59,000,000.

Mr. PRAEGER. We will have less unexpended balance at the end of the coming fiscal year than we have now on account of the increase in the business and the additional transportation space we will have to buy. That does not take into consideration the increase in rates that the commission may fix.

The CHAIRMAN. Have you estimated what that increase would cost you on the basis of the business done this year?

Mr. PRAEGER. It is somewhere in the neighborhood of 50 per cent increase over the existing rate.

The CHAIRMAN. About how much would that amount to in dollars?

Mr. PRAEGER. Between \$30,000,000 and \$40,000,000 a year. The Postmaster General is preparing a motion for a rehearing on those rates, and until that is determined, and until the commission determine whether or not they will grant a rehearing and go into certain phases of the case that the department will point out, we are not getting ready to make payment to the railroads of the increases. We do not accept the rates as definitely settled until the commission disposes of the motion for rehearing. Then we will get into the work of restating the service on the new rate. Naturally, when that is done we will have to come to Congress and ask for a deficiency appropriation to pay the railroads.

The CHAIRMAN. You are making your estimate here on the basis of present rates?

Mr. PRAEGER. The present rates and a slightly increased service.

Senator HENDERSON. Under your estimate for 1921 you give railroad transportation \$59,790,994.33, as against \$54,035,179.46 expended in 1919.

Senator PHIPPS. That was two years ago, you see. They have not the 1920 figures.

The CHAIRMAN. He has given the 1920 figures in the estimate, showing that they will have a balance of between \$1,500,000 and \$2,500,000 left out of the appropriation of \$59,000,000 of last year.

Senator HENDERSON. I should like to have you explain, Mr. Praeger, the words "or otherwise," in line 18 of section 3 and what that would cover.

Mr. PRAEGER. The whole intent and purpose of Congress, when they granted that provision, was to enable us to handle magazines as "blue-tag" freight. They are handled by freight, and by truck, and by ocean steamers. We send magazines to New Orleans and Galveston by the Mallory Line and the Morgan Line. We have construed it that way. It is a very wide-meaning phrase. I do not know whether you could get by the auditor or the comptroller to authorize pay for mail by aeroplane under that provision. The intent of Congress clearly dealt with blue-tag mail.

The CHAIRMAN. You are not sending anything but first-class letter mail matter by aeroplane, anyway, are you?

Mr. PRAEGER. That is all.

The CHAIRMAN. So you would have to change your policy if you attempted to send magazines by aeroplane, which would be impracticable?

Mr. PRAEGER. The whole intent of Congress was to limit the appropriation to other than first-class mail. The purpose was to provide for the movement of monthly magazines. Personally, I do not believe a greater thing can be done for aviation than to grant us authority to make contracts with some of these aeroplane companies that are operating as private corporations. That would accomplish more than all the Government flying will do in the way of advancement of aeroplane service.

The CHAIRMAN. On pages 69 and 70 in the bill you have an estimate for inland transportation, for star routes, including temporary services, etc., \$11,000,000. Then you have a proviso which is in the nature of a limitation. Should that be a limitation upon the appropriation, or should that be a separate item in the bill?

Mr. PRAEGER. We want something to operate the service.

The CHAIRMAN. What you are after for the contract service would come under that provision, would it not?

Mr. PRAEGER. I do not think so. We have in our service the foreign mails by steamship, the inland mails by railroad routes, and finally domestic mail by inland power boats and water. One of those appropriations might be expanded to authorize contracts by airplanes, by adding to one of them the words "or by aeroplane."

We have propositions and suggestions to consider routes on the part of companies that want to go into the passenger and express airplane business and carry mail too.

The CHAIRMAN. You can not expect to use aeroplanes in connection with the star route service?

Mr. PRAEGER. Oh, no.

The CHAIRMAN. You have that in connection with this item here. You put it as practically a limitation on the appropriation which is for star route service.

Mr. PRAEGER. It was hooked up with automobiles that are used in the star route service.

The CHAIRMAN. I can not see any practical sense in putting in anything about the aeroplanes in connection with the star route service.

Mr. PRAEGER. Instead of putting the item under star route, it could be put somewhere, saying that the Secretary of War shall be directed to turn over these planes and automobiles that he does not need, and that the aeroplanes shall be operated out of any funds appropriated for aeroplane service and the automobiles out of the star route fund. I think you can make that segregation.

Senator PHIPPS. It brings to mind one question I should like to ask you to clarify the situation. In your estimate for continuation and extension of aeroplane service you figure one element of cost at \$1,090,000, as I remember it, for the cost of machines?

Mr. PRAEGER. No, sir; the machines and fitting up landing fields and shops too.

Senator PHIPPS. Would not a large part of that item be really a bookkeeping item because of your acquiring these machines and parts from the War Department?

Mr. PRAEGER. No; it is not that, Senator, for this reason. Every machine that we get from the War Department would have to be rebuilt.

Senator PHIPPS. That is what I want to get at, whether it is an actual expenditure calling for a cash outlay.

Mr. PRAEGER. It will be, yes.

Senator PHIPPS. That would not go into the Treasury through the War Department?

Mr. PRAEGER. That is true. It is cash outlay.

The CHAIRMAN. We are much obliged to you, Mr. Praeger, for your statement.

The CHAIRMAN. Mr. Denning, you are Superintendent of Railway Mail Service?

**STATEMENT OF MR. WILLIAM I. DENNING, GENERAL SUPERINTENDENT OF RAILWAY MAIL SERVICE.**

Mr. DENNING. Yes, sir.

The CHAIRMAN. I believe you have something to present to the committee?

Mr. DENNING. I wish to say a few words in connection with the letter of the Postmaster General.

The CHAIRMAN. Let me read this letter, so the committee will understand what we are talking about. I will have it inserted in the record at this point.

(The letter referred to is here printed in full as follows:)

OFFICE OF THE POSTMASTER GENERAL,  
Washington, D. C., February 7, 1920.

Hon. CHAS. E. TOWNSEND,

*Chairman Committee on Post Offices and Post Roads,*

*United States Senate.*

MY DEAR SENATOR: In bill H. R. 11578, making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1921, as reported to the Senate and referred to your committee, the following item appears on page 16, beginning at line 7:

"For rent, light, heat, fuel, telegraph, miscellaneous and office expenses, schedules for mail trains, telephone service, and badges for railway postal clerks, Railway Mail Service in Washington, District of Columbia, and rental of space for terminal railway post offices for the distribution of mails when the furnishing of space for such distributions can not under the Postal Laws and Regulations properly be required of railroad companies without additional compensation, and for equipment and miscellaneous items necessary and incidental to terminal railway post offices, \$932,156: *Provided*, That hereafter the Postmaster General may, in the disbursement of the appropriation for such purposes, apply a part thereof to the purpose of leasing premises for the use of terminal railway post offices at a reasonable annual rental, to be paid quarterly, for a term not exceeding twenty years."

The amount carried in the item quoted above is the same as it passed the House of Representatives and is in accordance with the estimate of the department, which was prepared last September. This amount is \$100,000 more than is available during the current fiscal year, and it was thought at the time this amount would be ample for the next fiscal year, but on account of increases in practically all items of expenditure paid from this appropriation it is found that this sum will not be sufficient to meet the needs of the service for the fiscal year 1921.

The leases for a large number of terminal railway post offices are expiring during the current fiscal year and others will expire during the next fiscal year, and in practically all cases the department is being required to pay an increased rental. Furthermore, on account of the enormous increase in the parcel-post business additional space is absolutely essential in certain terminal railway post offices in order that increases in space in railroad cars may be kept at a minimum. This is very important in view of the recent decision of the Interstate Commerce Commission granting increased rates for space in railroad trains.

In other cases quarters occupied in Federal buildings by superintendents and chief clerks of the Railway Mail Service are having to be vacated in order to make room for the internal revenue officers, and it is necessary to rent quarters in commercial buildings and pay rental from this appropriation.

From this appropriation is paid the expenses for telephone and telegraph service, office furniture, the printing of schedules of mail trains for the Railway Mail Service, as well as the purchase of letter cases and distributing racks, trucks, lockers, etc., for terminal railway post offices, the expenditures for which have largely increased during the current fiscal year.

Therefore, I have to recommend that the appropriation, as it passed the House, be increased \$100,000 and that the amount stated on page 16, line 17, be changed from \$932,156 to \$1,032,156.

Very truly, yours,

A. S. BURLESON, *Postmaster General.*

Mr. DENNING. The letter simply asks for an increase in the appropriation for miscellaneous expenses under the Railway Mail Service. The appropriation covers quite a number of miscellaneous items, including rent, heat, and light for office quarters for superintendents and chief clerks. It includes the printing of the schedules, the Railway Mail Service schedules, the purchase of badges, office furniture, and the rental of terminal railway post offices. That is the larger item chargeable to this appropriation.

We made up the estimate that we submitted to the House, which is, by the way, \$100,000 more than for the current fiscal year. We made it last September and we thought at that time it would be enough, but we are having a large number of leases of terminals expire during the current fiscal year and a large additional number will expire during the next fiscal year. In practically every case we are being required to pay increased rentals. Furthermore, we find that we will have to increase the space in all the terminals. We have been conducting negotiations for some time to acquire space in New York City and Chicago. In Chicago you, perhaps, may have seen that we are using almost two blocks of sidewalk there, which is absolutely unwarranted and indefensible.

The CHAIRMAN. You think now that the House provision is not sufficient?

Mr. DENNING. That is true. They gave us \$100,000 additional above what we asked for. We want still further to increase it by another \$100,000, making \$200,000 more than the amount available during the present fiscal year. Not only is an increased expenditure required for terminal space, but every item of expense that we charge up against the appropriation shows an increase. We probably would not expend this entire amount during the next year, but we have to have the money available before we can enter into a lease for quarters.

Our requirements are such in some of the larger cities that we must have quarters constructed for our purposes, and we can not enter into a contract for the construction of those quarters unless we have sufficient money available, although the quarters may not be occupied during that year. It may take practically a year to complete them, and there may not be a certain amount of the money expended, yet we must have the money available before we can enter into a contract to lease quarters.

The CHAIRMAN. Have you always observed that rule?

Mr. DENNING. Yes, sir; we have to. That is the specific law.

The CHAIRMAN. I know it is; but I was wondering if you entered into any negotiations that would give you an understanding of what you should do when you did get an appropriation?

Mr. DENNING. We sometimes conduct preliminary inquiries, but we do nothing that will bind the department unless we have the money available for that purpose. For instance, the last fiscal year we had \$211,000 unexpended—that is, that was the amount on September 30—but it has been subsequently reduced.

We have an obligation for quarters in New York which have not yet been completed. That amount would have been considerably reduced if we had occupied the quarters, but inasmuch as they were not available we saved the money. However, we had to have that money before we could enter into the obligation or contract for the space. I think we should have that additional \$100,000 if we are to be able to protect ourselves.

It is more important than ever to get additional terminal space if we are to avoid extravagant increases in space. The parcel-post mails have increased so enormously that one of the most pressing problems we have to-day is additional space to handle the mails in those large cities like New York, Chicago, Philadelphia, St. Louis, and Pittsburgh. We can not even make any arrangements for the acquisition of additional space unless we have the money for the purpose.

You will also notice that the House authorized us to enter into leases for a term of 20 years where it is deemed necessary, similar to Post Office authorizations. That is very essential in large places. We can not get anyone to discuss the construction of a building for us or space for us in Chicago for less than a 20-year lease. They say they could not consider it unless they make the rental for a lesser period, say for 10 years, simply prohibitive.

Unless there is something further that occurs to you to ask about, Mr. Chairman, I think that is all I care to say.

The CHAIRMAN. I think we understand the reason for additional space, but we had supposed, of course, that the House appropriation now was sufficient to cover that.

Mr. DENNING. We thought when we made it in September that it would cover it.

Senator HENDERSON. Do I understand you that an additional increase over the amount authorized in the House is desired?

Mr. DENNING. Yes, sir. In other words, \$200,000 more than is available during the current year. We have an appropriation for this fiscal year of \$832,156. For the next fiscal year we want \$1,032,156, an increase of \$200,000.

Senator PHIPPS. In 1918 and in 1919 there is shown an unexpended balance of \$211,000 and a total expenditure of \$521,000 in round figures. This year on your appropriation of \$832,000 you will expend all of it, will you?

Mr. DENNING. No, sir.

Senator PHIPPS. You will have an unexpended balance this year?

Mr. DENNING. We will have some unexpended balance, as I explained. We estimate that on June 30 of this year we will have \$180,000 unexpended, but that will be because certain obligations that we have already entered into have not yet had to be met and the expenditures have not commenced or did not commence during this fiscal year.

Senator PHIPPS. So that what you are really asking for now will mean an appropriation of \$380,000 more than you will actually spend for the current fiscal year?

Mr. DENNING. Yes, sir.

The CHAIRMAN. That seems to be all. The committee will stand adjourned.

(Thereupon, at 11.55 o'clock a. m., the committee adjourned.)



# POST OFFICE APPROPRIATION BILL, 1921.

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WEDNESDAY, FEBRUARY 11, 1920.

UNITED STATES SENATE,  
SUBCOMMITTEE ON POST OFFICES AND POST ROADS,  
*Washington, D. C.*

The subcommittee met, pursuant to call, at 10:30 o'clock a. m., in the committee room, Capitol, Senator Charles E. Townsend presiding.

Present: Senators Townsend (chairman), Sterling, and Henderson.

The CHAIRMAN. Gen. Mitchell, the committee want to hear you this morning with reference to a proposition that we are considering, connected with the aerial mail service. You understand, of course, what the Post Office Department have been doing during the last 20 months. They come before us now and they ask for not only a continuation of the present appropriation for the service but for an additional appropriation. They have suggested four additional routes which they wish Congress to authorize them to establish and maintain. One of them is to extend to the Pacific coast the present line which practically is in existence between New York and Omaha—New York to Chicago, in active operation—and arrangements made under the present appropriation for this fiscal year to carry it on to Omaha.

Another one is to extend the line from Pittsburgh to Kansas City; another one to extend the line now existing between New York and Washington to Atlanta; another one to establish a line between Detroit, Toledo, and Cleveland; and still another one between St. Louis, Chicago, and the Twin Cities. Perhaps I have not stated them in the order of what they regard as their importance, but I have, nevertheless, stated them.

The committee are first considering the advisability of continuing the service at all and, second, if we continue it whether we shall extend it, with the probability that we shall not extend it to all these projects which they recommend. We have thought that we would hardly be justified in maintaining or extending the service purely for the direct effects which would come to the mail, but there are other things involved which have led us to believe, from the experiments which the Post Office Department have made and already carried out and effected, might be properly considered by the committee in extending the service.

We would like to have you tell us what you think about the projects from a military standpoint.

**STATEMENT OF BRIG. GEN. WILLIAM MITCHELL, UNITED STATES ARMY AIR SERVICE.**

Gen. MITCHELL. Mr. Chairman, in beginning the few remarks I have to make, I would say that I think you will have to look at the question of air service from all standpoints. We, as a Nation, need an air service for three principal things. One thing is for military purposes; that is, as a defensive arm of the Government. Another is for civil purposes, and by civil purposes I mean for the use of the civil departments of the Government in the execution of their various lines of work which have been assigned to them. The Post Office Department service would come under that heading. Third is the commercial development of the proposition with a view to its use in the future as a means of communication and transport of freight and passengers.

As to the first, the military use, there is no question that you have got to provide for it in one way or another. It has simply got to be provided for.

As to the second, the Air Service has no competitor whatever where it is a question of delivering something at a terminal station in the air. Do you understand what I mean by that?

The CHAIRMAN. I am frank to say that I do not.

Gen. MITCHELL. If you wish to deliver cannon and machine guns at a place in the air to attack other aircraft or tanks on the ground or infantry marching on a road aircraft must deliver them there; nothing else can. If you want to map a certain place by photography, the only thing that can deliver the camera up in the air is the aeroplane; this can cover the area very quickly. Where you come into competition with means of communication on the ground there you have to contend with steamships, with railroad trains, with animal transportation, with dog transportation in the North, or with some other kind of transportation. In other words, you are coming into competition there as a carrier. That is a point I wish to make.

From a military standpoint you have no competitor whatever in the air. You are delivering everything at a terminal station in the air. In so far as mapping is concerned, some phases of life-saving work, the question of air patrol and things of that kind, you have no competitors.

With the Post Office work it is true that you have competitors in these various activities, but on account of the fact that our ground organization—by that we mean our organization of airdromes, communication between airdromes, dissemination of meteorological data between those airdromes, which has to be adopted as a system, can be used by all these activities that I speak of. I believe that in time of peace you will get more returns from keeping up this constant flying for the Post Office Service than you will probably from anything else, because in time of war we have to fly under any and all conditions and in any and all sorts of weather. In time of peace we do not have the same incentive in the Military Service. However, with the Post Office Department they have to keep a regular schedule, and they have to carry certain things right across the country, and they have to keep it up anyway. I believe that from the military standpoint, keeping up your ground organization, and from

the navigation and scientific standpoint of making people fly, that it will give more from a standpoint of development than any other one aeronautical activity we have, or certainly as much. I think it is of the greatest importance that you should keep this thing up, and I believe every cent you put into it will be repaid more than two-fold from a national defense standpoint, if not anything else. It is of greater importance, and the longer you make the routes, the better.

These in general are my ideas. I have diagrams which show very plainly the various air service routes that I have just mentioned. As to ground organization, we should have in this country, in the event of war or trouble, a series of landing fields throughout the country, which at the same time will do for the Post Office Department, to use in time of peace, for aviation required by any civil department of the Government or for commercial aviation in general. You can not help commercial aviation any more than by providing landing facilities for it, fuel stations and oil stations, certain repair facilities and things of that kind. By extending the post-office work we will create that system of ground organization and it will be maintained so that is can be used by anybody, in addition to all the other things. I can not say too much for the proposition.

The CHAIRMAN. Tell us more about it. Let us have your full views. For instance, you say the longer the route the better.

Gen. MITCHELL. By the longer the better, I mean this: If you take a short distance like Washington to New York or Washington to Atlanta or something of that kind, the difference in speed between your carriers on the ground and your carriers in the air is not so manifest as it is at a greater distance. If you will remember, a long time ago everybody said you could not compete with the horse in short-haul work with a motor truck; that you had to go a certain distance before the thing began to tell. It is so to some extent with air transport, and that is simply from the standpoint of transportation.

Furthermore, a short flight of two or three or four hundred miles involves a very small ground organization, and you do not need to coordinate your meteorological work and your information work along that line to the same extent that you do if you are going long distances. So the reason I say the longer the better is because the further you make these routes, the more benefit you derive and the more service they will render from the standpoint of speed, which the aeroplane has on every other carrier, and the more we are going to get out of it from the standpoint of organization of all these places and coordinating them together.

Suppose we start with a flight from New York. We have proved that we can fly any number of aeroplanes clear across the whole United States in 25 hour' flying time. We have done it. We have flown them over every route that you see marked on the map before you. We can fly clear across the continent in 25 hours' flying time, provided we have a ground organization.

One of our greatest military uses for aircraft will be in an attack of any force, whether in the air or on the water, coming from across the sea from either the east or the west. We believe that we can put surface vessels completely under the water if they will give us

a chance—in other words, make these big ships practically leave the surface of the sea. We believe that will be done in the future. We know that, with any sort of adequate air force at all, we can practically stop the debarkation of troops from ships by direct air attack.

Consequently, with our resources in this country of men and material, which make us practically independent if we are organized so far as sustaining ourselves is concerned, that even if both seas were held by an enemy so that they could get to our coast, yet if we had an air force in the center of the United States so we could throw it to the west or to the east, it would be the greatest strategical reserve we could have. But in order to have that efficient you have got to have a ground organization. You have to have landing fields, fuel stations, and your intercommunication and your meteorological system as applied to the air, which we have not got in this country to-day at all. That will benefit agriculture and all sorts of things if we ever get it organized from the standpoint of the air—that is, the meteorological end of it.

So it is of the greatest importance, in my opinion, that we get these long routes, or particularly the route from New York to the Pacific Coast, organized on this basis. One of the most important factors in the continued use of that is its being kept up and developed in the establishment of a Post Office system, and at the same time the Government otherwise would get a great deal out of it.

Once they establish that one across the Continent, we can go north or south or anywhere. Across the Continent it is less than 3,000 miles, while north and south it is within range of a very quick and easy flight. Take any difficulty we might have along the Mexican border. We can shoot a bunch of aeroplanes down there in a very brief time. In the vicinity of Omaha, Topeka, Wichita, St. Louis, Kansas City, Rock Island, anywhere in there is a splendid place for the development of our air forces in case of trouble—that is, with a view to using it on the Pacific coast, the Atlantic coast, or south or north.

I am so much interested in this thing and I have seen what great benefits these long flights have amounted to in Europe, that I am confident this next summer we will push through to Alaska. We are going up through the Dakotas and through Canada to Alaska. We think we can get to Alaska in four days without any trouble. We think we can get, for instance, to Edmonton. We want to go through there. It is almost a straight shoot on a great circle. We are also going to develop a route from Puget Sound near Seattle to our southernmost island off Alaska. The trouble about this is the fog, which greatly interferes with us.

Senator HENDERSON. That is on the coast?

Gen. MITCHELL. Yes, sir. We have two ranges of mountains until we get to Alaska and then we have three ranges. We have the Coast range and the Rockies, and when we get to Alaska we have the Coast range, the Alaskan range, and the Rockies.

The worst impediment to navigation in the air which we have is fog. That is the worst thing we have to contend with. It is the hardest problem for us to solve. If the mail service has to fly in any kind of weather, it will tend toward solution of that quicker than anything else.

Senator STERLING. Do you think there is a solution for it?

Gen. MITCHELL. There is no question about it. We are sure of it. This is just a way of working it out. In war we do not have time to work these things out. We had to put everything on the front and go to it. We have not begun really to work with this thing yet. These things that have been done have been with war equipment hastily adapted to the experiment, just for the sake of seeing what could be done.

The CHAIRMAN. Are there any great present obstacles in the way of extending that line from Omaha to the Pacific coast?

Gen. MITCHELL. None whatever. We went right over this route from Chicago to San Francisco with a ground organization that we put in effect in about 14 days and had no trouble in getting across; but in order to maintain that on an economical basis and the way it should be maintained, it should be definitely organized with landing fields, with a meteorological system, and an inter-communicating system between them.

By organized, I mean that you have an airdrome at any one place, for instance, at Omaha. You have there a wireless station which can be used in fog or at any time. By that means you can steer the aeroplane for them just as a ship can steer for a lighthouse out in the ocean. That disseminates meteorological information. You can tell the crews of the aeroplanes what height to fly in order to get the best wind conditions, either helping them or against them.

For instance, the other day I got off the ground with a 36-mile wind, and when I got up 6,000 feet there was 85 miles of wind. On another day, when I went up, there was wind from the north of 26 miles on the ground, and when I got up 7,000 feet there was a wind from the northeast of about 55 miles. If a man in an aeroplane goes up without the means of being told from the ground what the air conditions are, he can not tell in the air himself, except in a very indefinite way. That can be told him from the ground, however, and he then takes his readings from the compass and direction readings so as to offset both, and keeps on flying in the direction the wireless impulses indicate.

A great deal of development is necessary for landing in clouds of fog. We can guide the plane toward the airdrome, and we have a means of telling the man in the air when he is over the airdrome. The question is to get down to the airdrome in that plane without stalling and falling or smashing the plane when it comes down. There are several different methods of doing that now which need a thing like the postal air service to be applied in order to perfect it. Once you perfect landing in the fog, that solves the aeroplane business.

I mention these things in connection with the Post Office Department wholly because, in my opinion, that will form a continuous system of aeronautical development under all sorts of conditions which it will be difficult to get in any other way.

In flying from east to west you have, as I remember it, about 400 miles where the ground elevation is 6,000 feet.

Senator HENDERSON. From what point to what point?

Gen. MITCHELL. That is from about Sidney nearly to Sacramento; that is before you start going down into Sacramento. The highest point that one has to fly at is about 11,000 feet.

Senator HENDERSON. That is when you go over the Rockies and the Sierras?

Gen. MITCHELL. Yes, sir.

The CHAIRMAN. Do you have serious trouble in rising from the ground to these high altitudes?

Gen. MITCHELL. It depends on the engine you use. With the old engines that we had, it was very difficult to rise from the ground in an altitude over three or four thousand feet, but with the present engines that has been very largely eliminated. We have some engines that can go higher, have very much more ceiling, as we call it, than others in this air, and we have to use the machines with a high ceiling to get the lift necessary. The best lifting engine that we have is called the 300-horsepower Hispano-Suiza engine. That has a very good altitude capacity.

Another thing we will probably use in the air mail is the turbo booster. It is an arrangement which is put on the motor. It is a turbine which is put on the motor and utilizes the exhaust gases to actuate the turbine, which in turn actuates an air compressor, which delivers compressed air back to the carburetor, and that allows you to get more altitude, because one reason for the inability of gasoline motors to go high is due to the lack of oxygen and air in their mixture.

The CHAIRMAN. Has anybody tried to get a patent on that for perpetual motion?

Gen. MITCHELL. It is a very interesting proposition. With that device we can get an altitude that before was absolutely impossible. As you get your altitude, on account of the rare condition of the air the resistance against the aeroplane is reduced and thereby you gain speed, so that we believe that within a comparatively short time we will get speeds of at least 300 to 500 miles an hour by getting the altitude.

Senator STERLING. An altitude of over 30,000 feet has been reached, as I remember.

Gen. MITCHELL. We have gotten, with the ordinary aeroplane—that is, very heavily loaded with two passengers in it—30,000 feet. We believe we will get 50,000 feet. We believe we will get that possibly this year. If you have an adjustable propeller applied to it, you can set it to climb until you get there, and then set it for speed horizontally and the speed you get is just a matter of conjecture. We know we will get tremendous speed.

The CHAIRMAN. Will you state whether in your opinion the Post Office Department in its experiments during the last 20 months or during the time it has been operating under this law, has contributed anything of material benefit to the art of aircraft?

Gen. MITCHELL. I think it has. I think it has been more of an incentive toward commercial aviation than anything we have had in this country, in that they have maintained a constant air system between certain points.

The CHAIRMAN. Has the department made any improvement upon aeroplanes in your judgment?

Gen. MITCHELL. I think that within that time they have not attempted to. That is too short a time with the problem they had to make any very great improvement, with the money they have. They have taken some of the war equipment and transformed it to

some extent, which has rendered it very much better for their particular work; but as to getting out any new devices they have not had the opportunity to do that and they can not do it in the length of time they have had. They have adapted some existing equipment by slight changes; for instance, the DH-4 has been made into a twin-engine airplane.

The CHAIRMAN. That is of very high value, is it not?

Gen. MITCHELL. It increased the surface and puts in an engine that is more reliable, and in that respect it is a good thing. But remember that is only an adaptation. There is nothing new about it. It is an adaptation of existing things. If we had a development along this line, then we could devise entirely new things with the proposition. There is the question of speed for landing, which is the most destructive thing we have. It depends on the amount of loading per square foot of wing. If you had some method by which you could furl the wing and then unfurl it as you got down to the ground, or if you could block your downward flight in the air or parachute yourself, then you could begin to eliminate these troubles. On the other hand, coming back to speed, there are many other improvements that might be and probably would be developed if we had the opportunities that would be provided by the development of such a route as we have under discussion. We will have a chance to undertake to develop these in a flying route across the country, such as the Post Office Department have in mind.

The CHAIRMAN. Do you have in mind any such practical demonstrations where the use of the aeroplane as that proposed by the Post Office Department in its experiments? Are there any other agencies that are employed by the Government or by you that could accomplish the same things or better things than are being accomplished by the Post Office Department in this experiment?

Gen. MITCHELL. No; not in that particular line of work. There is no agency of the Government that could develop continuous flying like this service. All this talk about flights to India and South Africa are not as continuous and the total distance covered will not be as great as if you will establish a line straight across this country. This is a big proposition.

The CHAIRMAN. Do you have any idea as to the practicability of this for mail carrying purposes?

Gen. MITCHELL. That can be better told by the Post Office Department. They can tell much better than I. I believe that all scientific developments and all this overhead of the stations—in other words, all the administration overhead—should be carried in one place so as to economize the cost to the Government. If you keep this stuff—and by stuff I mean the development and this administrative overhead, including a technical section, a finance section, a contract section, and everything that goes with it—under all these different departments of the Government, you will in my opinion get a minimum development in proportion to the amount of money you put into it.

The CHAIRMAN. A minimum amount you say?

Gen. MITCHELL. I think you should have all these organizations—the ground stations, the procurement of material and personnel, their training, the inspection of the aircraft, the inspection of pilots, the question of international police and regulations—under

one scheme of control. Then when any of these are assigned for work under any department of the Government, they ought to pass under their exclusive control. If you could apply, for instance, the money that is appropriated to-day for all these departments of the Government, the Army, the Navy, the Post Office Department, and lump it together and cut out all this unnecessary stuff and put it under people that knew something about it, I believe you would get 30 per cent more out of it in efficiency and development than you do to-day.

Senator STERLING. Your theory would be that there should be a separate department?

Gen. MITCHELL. There is no question about it. The more you think about it the more you will realize it. People do not know enough about it yet to be able to appreciate that.

The CHAIRMAN. Is there any jealousy between the War Department and the Post Office Department in reference to the aircraft work?

Gen. MITCHELL. I can not see why there should be. Anybody who looks at postal aviation on a very broad plane of development for the country can not feel any jealousy. It ought not to be allowed to interfere in any way.

The CHAIRMAN. I am pleased to hear you state one thing, because if I understood you correctly it meets with my approval. Whatever arrangement we made, whether we had a central aircraft department or not, if we provide the Post Office Department with equipment, that department ought to be supreme?

Gen. MITCHELL. It has to be; it can not be any other way, because they have to operate on schedule and in order to do that they have to have discipline among their personnel. They have to get the people best qualified to do that particular work. On the other hand, all these people ought to be available for war in case of necessity, and all the aircraft ought to be so constructed that they could be quickly converted.

Senator HENDERSON. They would be, would they not?

Gen. MITCHELL. Yes, sir. Take the Post Office Department right now—we could help them vastly if we only had authority to do it and were allowed to do it.

The CHAIRMAN. How could you help them?

Gen. MITCHELL. In the first place, by keeping up all their repair and salvage, and not requiring them to have a separate department of repair, supply, and salvage. We could overhaul all their motors in our regularly-constituted repair and supply depots. In fact, we have started to do that at Indianapolis for them. We could salvage all their ships for them. That is a thing that is very important in the air business. If you have an efficient salvage department, you save tremendously, and if you do not you lose a great deal. A big ship crashes out here, and you must have an organization that will go there and take the things off that are worth saving and leave the things that are not worth saving. Often it is not worth the freight charges to ship them to a certain place.

On the other hand there are certain instruments and parts of motors and all that sort of thing that are very necessary, and we can save them very easily. We always have to have three elements in that portion of any air drome. One is supply, the other is sal-

vage, and the third is repair. Those three things have to go hand in hand. These could do work for all departments using aircraft. There is no use in the Navy maintaining one, the Post Office Department maintaining one, the Army maintaining one, the Geological Survey maintaining one, and the Agricultural Department maintaining its forest patrol. There is no sense in it at all.

Senator HENDERSON. Have they aeroplanes in the forest-patrol work now?

Gen. MITCHELL. Yes. The Army planes are being used for that purpose and they can very well do it at this time when they are not doing any other things in time of peace. We consider that the second most important thing of advantage in the several departments of the Government. I believe the Department of Agriculture is ready to tell you that in the first six weeks we put that into operation, it saved them more money than the combined appropriation for all the air services of the Government.

Senator HENDERSON. When was that put into operation?

Gen. MITCHELL. The 1st of July, I believe, last year.

Senator HENDERSON. There may be requests made for an appropriation in the Agriculture bill?

Gen. MITCHELL. It is very important indeed.

Senator HENDERSON. This will mean another air service under another department.

Gen. MITCHELL. The Coast and Geodetic Survey will want the same thing and the Geological Survey will want the same thing. You will have those requests for appropriations coming from all sides, and once you get somebody practical and responsible for the air service in the Government, then you can put your thumb on him and you will have accomplished something very practical. It is very difficult to start an air service. The air service that has been started by the Post Office Department has been started on personnel trained by the Army and on material furnished by the Army.

The CHAIRMAN. Have they reconstructed it very largely?

Gen. MITCHELL. They have reconstructed it and modified it and fixed it up very considerably; but do not forget, that stuff came largely from the central pool, and alone and unaided an air service is very difficult to get going.

The CHAIRMAN. But the Post Office Department put it in shape and used it?

Gen. MITCHELL. Yes, sir.

Senator HENDERSON. If Congress should decide they would adopt one of the recommendations made by the Post Office Department as to aerial routes, which one do you favor, and which one do you think would bring the greatest benefit to the military organization?

Gen. MITCHELL. The longest one—that is, from New York to San Francisco—absolutely and unquestionably. That would show you more than all the rest put together, because you get all the conditions of climate and all the altitudes that are encountered in this country, and, of course, all the temperatures. We get meteorological data across here as the air currents vary, and that data would be invaluable. I personally think you can deliver mail in 36 hours from New York to San Francisco. I think we will find night flying

is best all through the whole middle part of the country, from the Alleghenies to the Rockies.

Senator STERLING. Awhile ago you spoke about 25 hours.

Gen. MITCHELL. That is, 25 hours of straight flying. In order to get 25 continuous hours of flying we would have to fly at night. If you have an organization very strong and capable of having these aids to air navigation, you would do it in 25 hours. I believe to-day—that is, I mean within two or three months—that the organization we could put in there would be able to deliver mail from New York to San Francisco ordinarily in 36 hours. We relayed a message from Nogales to Brownsville the other day in eight hours. Only an hour and a half or two hours from that would carry it from Nogales to the Pacific coast. It is interesting to do those things. We want to begin to try these things out, but we have scarcely made a beginning yet at all.

Senator STERLING. It is a very fascinating field.

Gen. MITCHELL. The great thing is that you go out and try these things, and you find that you can do them.

The CHAIRMAN. Have you anything further you wish to suggest to the committee?

Gen. MITCHELL. Nothing in particular; however, I would be very happy to answer any questions.

Senator HENDERSON. Are there any other maps you wish us to see?

Gen. MITCHELL. There are many things dealing with the air organization and military use of air forces that might be interesting but would take some time to explain.

The CHAIRMAN. We are particularly interested in laying out this line from New York to San Francisco.

Senator STERLING. You have not gone into the question of cost, I suppose, of maintenance?

Gen. MITCHELL. I think the Post Office Department are better qualified to speak about that than I am, because they know the comparative cost from an air standpoint and with respect to the class of carriers that they come into competition with on the ground. I think when you begin to compare costs between the air and ground it does not actually show the benefits that come from the air on account of the time factor and the development factor and the asset that it is to the Government, which you can not measure in money value.

The CHAIRMAN. I quite agree with you on that. Personally, I would not consider the question of carrying mail by aeroplane if the whole object was to make it of use in the mail service. I think there are other and larger questions which can be developed at the same time, and that is the reason why I am looking with some degree of favor upon the continuation of this service.

Gen. MITCHELL. I think if you would try to look at all our questions from the standpoint of the air, they are all connected up with each other and all of necessity connected up, their use, their upkeep, their scientific development, and their regulation from a national standpoint and from an international standpoint—I do not see how you can divide it and get any efficiency out of it. Your right hand will not know what your left hand is doing unless you do that.

The CHAIRMAN. May I ask, Gen. Mitchell, what you are doing now?

Gen. MITCHELL. I am in charge of operations and training in the Army Air Service. I formerly commanded the Air Service with our armies on the front in Europe.

The CHAIRMAN. Do you know how many men have been assigned to the Post Office Department in the Air Service.

Gen. MITCHELL. The Post Office Department are better able to tell. I think they have 21 pilots and 150 men.

The CHAIRMAN. They came from your service, did they?

Gen. MITCHELL. They were all either trained in our service or practically so—that is, all the pilots and the majority of the mechanics, because so far the Governments have been the only ones that could give very much training. It is a very expensive proposition. I see frequent references in the debates in Congress as to what became of the \$640,000,000 in this country appropriated for air purposes. It must be realized that a navigating personnel of about 15,000 people is either fully or partially trained. That is, 15,000 pilots and observers received training in the service, and that takes a great lot of equipment and a great lot of money, both from a financial standpoint and from the standpoint of the time, which is of vast importance when you get into war.

The CHAIRMAN. Do you have any control over the men in the Post Office Department?

Gen. MITCHELL. None whatever. They are hired by the Post Office Department and used as civilians. I think that is a very good way to use them.

The CHAIRMAN. They are no longer connected with the Army Air Service at all?

Gen. MITCHELL. No, sir.

The CHAIRMAN. They are discharged men?

Gen. MITCHELL. Yes; just the same as any other activity of the Post Office Department.

The CHAIRMAN. I think that is all, General, unless you have something further to suggest. We are very much obliged to you for coming here. I think you have given some information with reference to the particular branch of the air business that will be of benefit to us. We are not considering the consolidation of the Air Service or any of those large questions, but are merely considering a direct appropriation. We wanted to submit to you the situation for such information as you could give us on these projects that have been in contemplation by the Post Office Department.

Gen. MITCHELL. I think it is a very, very important thing, and I personally not only think we ought to use heavier-than-air craft in it, but I think lighter-than-air craft ought to be used in it also. That has not been brought up yet.

The CHAIRMAN. Just what do you mean by that?

Gen. MITCHELL. I mean large, rigid airships to not only carry first-class matter, but second-class matter and all sorts of traffic. They are perfectly practicable. They have gone away past the point of development. The first one appeared in Europe some 20 years ago, and we have not got one in this country yet. We could use them all or part of the time for carrying mail.

Senator STERLING. With reference to the heavier-than-air craft service, what do you think about the possibility of developing it beyond the mere matter of carrying mail and developing it so as to allow the transportation of passengers, etc., for long distances?

Gen. MITCHELL. I think it has a great future, but I think if you ever want to make it practicable, to develop the means of navigation I have just spoken of, including the solution of the fog problem, you will have to work on certain safety devices. We are getting the safety end of it solved a little bit more all the time. This division I spoke about last should take care of the flier in the air and things of that kind unquestionably will be solved if we have an opportunity of keeping at work on it all the time, which this will give us. That is the proposition. The question of military preparedness in this country is always a political question, because the menace against us is not as constant as it is, for instance, in Europe, with the result that our appropriations go up and down and we can not have the same continuity of development that we might get in Postal Air Service. We have to have continuous work for development. With reference to the automobile, if they had had no continuous work for it and if it had been experimented with for awhile and then had to take a big long recess until another war, we would not have been anywhere with motor vehicles. That is the point about it.

The CHAIRMAN. I think that is all, Gen. Mitchell. We are very much obliged to you.

Gen. MITCHELL. I am very glad to have been able to come before the committee.

(Thereupon, at 11.20 o'clock a. m., the hearing was closed.)

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